CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

DATE: 10 JULY 2026

REPORT TO: EXECUTIVE MAYOR AND COUNCIL

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1. ITEM NUMBER

2. SUBJECT

SUPPLY CHAIN MANAGEMENT:
REPORT FOR PERIOD 1 APRIL 2026 TO 30 JUNE 2026 AND ANNUAL REPORT FOR 2025/26

VERSKAFFINGSKETTINGBESTUUR:
VERSLAG VIR DIE TYDPERK 1 APRIL 2026 TOT 30 JUNIE 2026 EN JAARVERSLAG VIR 2024/26

ULAWULO LOBONELELO NGEMPAHLA EKWIZIKO:
INGXELO YESITHUBA ESISUSELA KWO1 KUTSHAZIIMPUZI UKUYA KOWAMA 30 KWEYESILIMELA 2026

N0022

3. DELEGATED AUTHORITY

In terms of delegation

This report is for

☐ **Committee name** :

☑ The Executive Mayor

☑ Council

4. DISCUSSION

Clause 9 of the City's Supply Chain Management Policy (SCM Policy) related to Section 117 of the Municipal Finance Management Act (MFMA) provides that a City Councillor may not be a member of a bid committee or any other committee evaluating or approving quotations or bids (tenders), nor may a City Councillor attend such a meeting as an observer.

However, Clause 10 of this policy mentions that Council has an oversight role to ensure that the City Manager implement the City's SCM Policy.

Clause 11 records that the Executive Mayor must provide general political guidance over the fiscal and financial affairs of the City and must monitor and oversee the exercise of responsibilities assigned to the City Manager and Chief Financial Officer in terms of the MFMA.

In accordance with Clause 12 of our SCM Policy, the City Manager must submit quarterly reports within 10 days to the Executive Mayor and, within 30 days of the end of each financial year submit a report to Council, on the implementation of this policy.

4.1. Financial Implications ☑ None ☐ Opex ☐ Capex

☐ Capex: New Projects

☐ Capex: Existing projects requiring additional funding

☐ Capex: Existing projects with no Additional funding requirements

Policy and Strategy ☐ Yes ☑ No

Legislative Vetting ☐ Yes ☑ No

Legal Implications ☐ Yes ☑ No

Staff Implications ☐ Yes ☑ No

Risk Implications ☐ Yes The risks for approving and/or not approving the recommendations are listed below:

	☐ No	Report is for decision and has no risk implications.
	☑ No	Report is for noting only and has no risk implications.
POPIA Compliance	☑ Yes	It is confirmed that this report has been checked and considered for POPIA compliance.

5 RECOMMENDATIONS

IT IS RECOMMENDED THAT THE CONTENTS OF THE REPORT ENTITLED "SUPPLY CHAIN MANAGEMENT REPORT FOR THE PERIOD 1 APRIL 2026 TO 30 JUNE 2026 AND ANNUAL REPORT FOR 2025/26" BE NOTED.

AANBEVELING

DAAR WORD AANBEVEEL DAT DAAR KENNIS GENEEM WORD VAN DIE INHOUD VAN DIE VERSLAG "VOORSIENINGSKANAALBESTUURSVERSLAG VIR DIE TYDPERK 1 APRIL 2026 TOT 30 JUNIE 2026 EN JAARVERSLAG VIR 2025/26".

ISINDULULO

KUNDULULWE UKUBA MAKUQWALASELWE IZIQULATHO ZENGXELO ESIHLOKO "INGXELO ENGOLAWULO LOBONELELO NGEMPAHLA EKWIZIKO YESITHUBA ESISUSELA KOWO1 KUTSHAZIIMPUZI UKUYA KOWAMA 30 KWEYESILIMELA 2026".

ANNEXURES

ANNEXURE A

FOR FURTHER DETAILS CONTACT

NAME	Adiel Bloew	CONTACT NUMBER	021 400 3190
E-MAIL ADDRESS	Adiel.Bloew@capetown.gov.za		
DIRECTORATE	021 400 3190	FILE REF NO	
SIGNATURE : DIRECTOR	Adiel Bloew Digitally signed by Adiel Bloew Date: 2026.07.16 07:58:22 +02'00'		

CHIEF FINANCIAL OFFICER

NAME Kevin Jacoby

COMMENT:

DATE

SIGNATURE Digitally signed by Kevin Jacoby Date: 2026.07.16 13:15:10 +02'00'

The ED's signature represents support for report content and confirms POPIA compliance.

MAYORAL COMMITTEE MEMBER

NAME Cllr Siseko Mbandezi

COMMENT:

DATE

SIGNATURE Cllr Siseko Mbandezi Digitally signed by Cllr Siseko Mbandezi Date: 2026.07.17 08:51:58 +02'00'

LEGAL COMPLIANCE

☐ REPORT COMPLIANT WITH THE PROVISIONS OF COUNCIL'S DELEGATIONS, POLICIES, BY-LAWS AND ALL LEGISLATION RELATING TO THE MATTER UNDER CONSIDERATION.

☐ NON-COMPLIANT

NAME

DATE

SIGNATURE John Laing Smale Digitally signed by John Laing Smale Date: 2026.07.17 11:55:09 +02'00'

COMMENT:

For information.
Note: The subject line is not accurately translated.

CITY MANAGER

NAME Lungelo Mbandazayo

COMMENT:

DATE

SIGNATURE

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Date: 2026.07.17 18:35:01 +02'00'

EXCUTIVE MAYOR

NAME Geordin Hill-Lewis

COMMENT:

DATE

SIGNATURE

Geordin Hill-Lewis

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Date: 2026.07.20 12:38:58 +02'00'

CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Making progress possible. Together.

ANNEXURE A

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1. STRATEGIC INTENT

- ☐ Housing
- ☐ Safety
- ☐ Economic Growth
- ☐ Basic Services
- ☐ Public Space, Environment and Amenities
- ☐ Transport
- ☐ A Resilient City
- ☐ A More Spatially Integrated and Inclusive City
- ☒ A Capable and Collaborative City Government

2. PURPOSE

Compliance with clause 12 of the City's Supply Chain Management (SCM) Policy.

3. FOR NOTING BY COUNCIL

For information of Council.

4. EXECUTIVE SUMMARY

This report briefly analyses the on-going implementation of the City's Supply Chain Management Policy, for oversight purposes.

5. OTHER SERVICES CONSULTED

Not applicable.

6. SALIENT DETAILS OF SUPPLY CHAIN MANAGEMENT ACTIVITIES

Major SCM activities are summarized below, for information.

6.1 Demand and Acquisition Management

The Demand Management unit has been instrumental in driving the planning for tenders and contracts for the MTREF cycle. The demand plan is reconciled to the capital and operating budgets to ensure that budgets are informed by planned contracts. Regular interactions with executives and line departments take place to ensure progress is made towards the implementation of tenders City wide.

6.1.1 Implementation of the 2025/26 Demand Plan

The implementation of the 2025/26 demand plan has progressed well. The total quantum of the demand plan at the end of quarter 4 of the 2025/26 financial year is approximately 305 tenders, of which none relate to the previous financial year due to the 100% completion rate. This amounts to 12 more tenders on the demand plan at quarter 4 of the 2024/25 demand plan, which consisted of 293 tenders.

The demand plan is discussed in collaboration meetings with each Executive Director and their management team, together with representatives from SCM. These meetings are chaired by the CFO. The demand plan is a standing item on the agenda to ensure that there is full collaboration and commitment to successfully implementing the demand plan. Within the SCM department, bi-weekly meetings are held with Director: SCM to monitor slippage and delays with tenders.

The tender completion rate was 100% as at the end of Quarter 4 of the 2025/26 financial year and is reflected in Table 01 below:

Table 01: 2025/26 Demand Plan for Tenders

The table below reflects the breakdown of the 100% of tenders completed by the different statuses.

2025/26 Approved Demand Plan	
Total number of tenders on approved plan	305
Number of tenders successfully awarded	246
Number of tenders cancelled	59
Number of tenders in evaluation stage	0
Number of tenders in pre-evaluation stage	0
Implementation rate	**100%**

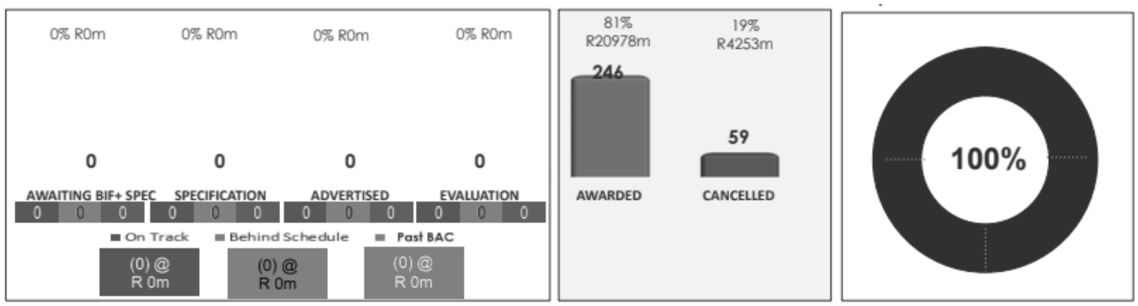
As can be seen from Table 01, 246 tenders (80.65%) of the total required tenders have been awarded, and 59 tenders (19.34%) were cancelled as of 30 June 2026 (58 tenders for Q3 2025/26; 18.58%).

Tenders to the value of R20.978 billion for the financial year have been awarded, and tenders to the value of R4.253 billion have been cancelled.

Figure 01 below further illustrates the above graphically with percentages and rand values per stage of the tenders on the demand plan.

Figure 01 – Graphical View of Demand Plan (2025/26)

Zero (0) tenders are currently still in the process of evaluation, and Zero tenders (0) are in pre-evaluation. Cancelled tenders are discussed in more detail in paragraph 6.1.3 below.



Measures to Improve Tender Processing

The emphasis at this stage is to ensure that the demand plan is implemented timeously to support service delivery. The following steps were introduced to strengthen the implementation of the demand plan:

- The Line Department/PMO must determine the BIF/Specification due dates and CRD, with full consideration of the end-to-end process and resource implications.
- Tender timelines will be confirmed only after the BIF/Specification has been submitted.
- The advertising period shall be in accordance with legislation and the SCM policy
- A minimum of 90 days must be provided between the targeted BAC meeting date and the CRD (to allow for appeal and contracting processes).

The Demand Plan supports the capital and operating budget spending by ensuring that all projects which require a tender is linked to the Demand Plan for the MTREF period.

6.1.2 Slippage analysis per Directorate 2025/26

The Slippage analysis indicates whether each tender is progressing through the SCM system according to plan to have the contract ready on time. Tendersare categorized as to whether they are on track, behind schedule or overdue (past the BAC award Date). The tender slippage analysis per directorate for the 2025/26 demand plan as at 30 June 2026 is depicted in Table 02 below.

Table 02: Tenders not yet awarded per Directorate 2025/26

	On Track	Behind Schedule	Overdue	Grand Total
COMMUNITY SERVICES & HEALTH	-	-	-	-
CORPORATE SERVICES	-	-	-	-
ECONOMIC GROWTH	-	-	-	-
ENERGY	-	-	-	-
FINANCE	-	-	-	-
FUTURE PLANNING & RESILIENCE	-	-	-	-
HUMAN SETTLEMENTS	-	-	-	-
OFFICE OF THE CITY MANAGER	-	-	-	-
SAFETY & SECURITY	-	-	-	-
SPATIAL PLANNING & ENVIRONMENT	-	-	-	-
URBAN MOBILITY	-	-	-	-
URBAN WASTE MANAGEMENT	-	-	-	-
WATER & SANITATION	-	-	-	-
Grand Total	**-**	**-**	**-**	**-**

As per Table 02 above, 0 tenders are in progress.

The tender completion rate of 100% as at 30 June 2026 far exceeds the planned target of 90% for Quarter 4 of the 2025/26 financial year. A remarkable achievement due to improvement measures set in place during the prior financial years.

Detailed Demand Plan Management information is sent weekly to Executive Directors (ED) and monthly to MayCo members to enable management to monitor theprogress and address slippages of tender processes, to ensure timeous award of contracts in support of service delivery. It is incumbent on the relevant line ED to resolve slippage and tender challenges so that capital projects and service deliveryis not adversely impacted.

Table 02A below depicts the demand plan status per Directorate for all tenders assessed as overdue as at 30 June 2026.

Table 02A: Demand Plan status – tenders overdue as at 30 June 2026

Directorate	08. Evaluation	09. Drafting PB Report	09. Drafting Report	10. Preferred Bidder (PB)	11. Report Ready	Grand Total
COMMUNITY SERVICES & HEALTH	-	-	-	-	-	-
CORPORATE SERVICES	-	-	-	-	-	-
ECONOMIC GROWTH	-	-	-	-	-	-
ENERGY	-	-	-	-	-	-
FINANCE	-	-	-	-	-	-
FUTURE PLANNING & RESILIENCE	-	-	-	-	-	-
HUMAN SETTLEMENTS	-	-	-	-	-	-
OFFICE OF THE CITY MANAGER	-	-	-	-	-	-
SAFETY & SECURITY	-	-	-	-	-	-
SPATIAL PLANNING & ENVIRONMENT	-	-	-	-	-	-
URBAN MOBILITY	-	-	-	-	-	-
URBAN WASTE MANAGEMENT	-	-	-	-	-	-
WATER & SANITATION	-	-	-	-	-	-
Grand Total	**-**	**-**	**-**	**-**	**-**	**-**

Table 02A provides a detailed overview of the 0 overdue tenders, indicating their current stages in the tender process. No remedial actions are required as there are no overdue tenders at 30 June 2026.

The approximate award values and budget source of the 0 overdue awards are depicted in Table 02B below:

Table 02B: Budget source on tenders overdue as at 30 June 2026

Implementing Directorate	CAPEX	CAPEX and OPEX	OPEX	Grand Total
COMMUNITY SERVICES & HEALTH	R-	R-	R-	R-
CORPORATE SERVICES	R-	R-	R-	R-
ECONOMIC GROWTH	R-	R-	R-	R-
ENERGY	R-	R-	R-	R-
FINANCE	R-	R-	R-	R-
FUTURE PLANNING & RESILIENCE	R-	R-	R-	R-
HUMAN SETTLEMENTS	R-	R-	R-	R-
OFFICE OF THE CITY MANAGER	R-	R-	R-	R-
SAFETY & SECURITY	R-	R-	R-	R-
SPATIAL PLANNING & ENVIRONMENT	R-	R-	R-	R-
URBAN MOBILITY	R-	R-	R-	R-
URBAN WASTE MANAGEMENT	R-	R-	R-	R-
WATER & SANITATION	R-	R-	R-	R-
Grand Total	**R-**	**R-**	**R-**	**R-**

6.1.3 Cancelled tenders analysis for the period 01 July 2025 to 30 June 2026

59 tenders (19.34% of tenders) were cancelled to date during the 2025/26 financial year. Table 03 below provides an analysis of the number and estimated value of tenders which were cancelled per category with reasons.

Table 03: Cancellations for the period 01 July 2025 to 30 June 2026

Reasons for cancellation	Number	Estimated value
No acceptable bids received	48	R2 989 029 279.05
PPPFA non-compliance	7	R710 171 920.00
No offers received	2	R36 352 608.70
No longer a need for the services, works or goods requested	2	R517 599 443.00
Grand total	**59**	R4 253 153 250.75

In the 2025/26 financial year, a total of 59 tenders, valued at R4.253 billion, were cancelled for various reasons. The predominant reason for tender cancellations during the reporting period was no acceptable bids received, accounting for **48 tenders (81.36%)** with an estimated value of **R2.989 billion**. These cancellations arose where bids failed to meet mandatory compliance requirements, technical specifications, functionality requirements, pricing expectations, or other prescribed evaluation criteria, resulting in no acceptable tender being available for award.

A further **seven (7) tenders**, with an estimated value of **R710 million**, were cancelled due to PPPFA Non-Compliance. These cancellations were necessary where procurement processes were found not to comply with the applicable legislative and regulatory framework governing preferential procurement, **thereby ensuring the integrity and legality of the procurement process**.

Two (2) tenders, with an estimated value of **R36 million**, were cancelled after **no offers were received** during the advertising period. This may indicate limited supplier participation, insufficient market capacity, or specialised procurement requirements. To mitigate this risk, line departments are encouraged to engage with the SCM Demand Management unit to undertake market engagement initiatives and issue market prompts prior to advertisement to increase supplier awareness and participation.

A further **two (2) tenders**, with a combined estimated value of **R517.599 million**, were cancelled because there was **no longer an operational requirement for the requested goods, services or works**. In these instances, the procurement requirement had changed following a reassessment of business needs, resulting in the tender no longer being required.

Following the cancellation of these tenders, **43 tenders** have been reintroduced into the Demand Plan and are at various stages of the procurement process. The **status of the remaining 16 tenders** is reflected in Table 03A below.

Table 03A below provides an analysis of the status per category of the tenders which were cancelled, for which a replacement mechanism is sought.

Table 03A: Cancellations for the period 01 July 2025 to 30 June 2026

Row Labels	Count of Replacement DP's
Line Department to review and advise	11
No longer required	5
Grand Total	**16**

Tender cancellations continue to impact service delivery, infrastructure implementation and procurement planning, as cancelled tenders frequently require re-advertisement, revised specifications and additional evaluation processes. This may extend procurement lead times and delay the implementation of projects.

To reduce the occurrence of tender cancellations, the SCM Department continues to facilitate monthly Working Group sessions with project managers. These sessions focus on improving procurement planning, reviewing and strengthening tender specifications, conducting market research, and identifying opportunities to enhance competition before tenders are advertised.

Line departments are further encouraged to collaborate with the SCM Demand Management unit to issue market prompts prior to advertisement. Market prompts proactively inform the supplier industry of forthcoming procurement opportunities, allowing prospective bidders sufficient time to prepare for and increase market participation. Improved supplier awareness contributes to more competitive procurement processes and reduces the likelihood of tenders receiving no or unacceptable bids.

Following every tender cancellation, the SCM Department engages with the relevant line department to determine the most appropriate procurement strategy. Where replacement tenders are required, the Tender Management unit prioritises these procurements to minimise delays in service delivery and reduce the potential reliance on deviations or other alternative procurement mechanisms.

6.1.4 Appeals analysis 2025/26

The appeal process, which is legislated in terms of Section 62 of the Systems Act, provides a platform for bidders who are of the view that their rights have been affected, to lodge an appeal. The appeal process is independent and tests the fairness and transparency of the bid committee process.

The City received 196 appeals during the financial year up to 30 June 2026. Of these, 32 appeals were upheld, 141 appeals were dismissed and 23 appeals are pending an outcome from the Appeals Authority.

SCM is working continuously to improve processes and implement controls to ensure that the SCM system is sufficiently robust to minimize the number of successful appeals and subsequent delays in the process.

6.1.5 Implementation of the 2026/27 Demand Plan

The implementation of the 2026/27 demand plan is in its early stages but progressing well with a completion rate of 58%, however there are tenders for this period which need to start within the current financial year to be awarded in time for implementation as required by the contract required by date.

The emphasis at this stage is to ensure that tender specifications are received for the tender process to start and that tenders do not fall behind schedule. The SCM department prompts line departments to submit outstanding specifications. As at 30 June 2026, 1 tender specification for the 2026/27 demand plan remained outstanding and is consequently behind schedule. The SCM unit specifically focuses on tenders for capital projects to ensure the capital objectives of the City are supported by the necessary contracts.

6.1.6 Strategic Sourcing (Transversal Contracts) Initiatives

The strategic sourcing project is ongoing whereby approximately 69 tenders across various commodities and services will be consolidated into City-wide tenders. This project intends leveraging the buying power of the City as well as standardizing products and pricing for these commodities or services.

This complex multi-year project and the footprint of each individual tender envisaged in this project is alive to the ever-changing needs of the City and the way in which the market responds to these tenders. While the outcome of reducingthe number of tenders for common commodities or services is clear, the strategy applied to each tender will have its own unique characteristics.

6.1.6.1 Procurement Transparency Report

The Procurement Transparency Report was made public on 27 November 2023 by the Executive Mayor.
This report analyses procurement over a period for 300 selected commodities, which details where the City obtained value for money through its procurement analysis in terms of paying for commodities at, above or below market values, which included a detailed analysis of commodities paid above and below market value, as part of the transparency report project.

The next iteration of the Transparency Report is anticipated to be released by end of 2026.

6.1.7 SCM Bid Adjudication Committee (SCMBAC)

The SCM Bid Adjudication Committee (SCMBAC) continues to meet weekly and remains instrumental in achieving maximum awards within a quick turn-around time. The BAC meetings are open to the public by an application for invitation through the secretariat as part of good governance.

The BAC has convened 12 meetings, of which 1 were Special BAC meetings, via MS Teams during Quarter 4 of the 2025/26 financial year. BAC minutes and resolutions are processed within the target of 7 to 10 working days.

Strong security measures have been implemented during the quarter to safeguard BAC information and guard against unauthorized sharing of data relating to City tenders.

6.1.8 SCM Bid Committees

The City Manager appoints the Members and Chairperson of the Bid Adjudication Committee (BAC). The Bid Specification Committee (BSC) and Bid Evaluation Committee (BEC) Chairperson appointments are for a two-year period after which the appointments are reviewed by the relevant Executive Directors. Only staff who are at a T-level 14 and above are appointed and only nominations accompanied by proof of the required SCM training are considered for appointment.

A total of 49 BSC and BEC Chairperson re-appointments were made during Quarter 4 of the 2025/26 financial year for the various Directorates.

New Bid Committee members were appointed during the financial year to ensure cross-functional representation and full compliance to the Municipal SCM Regulations (MSCMR). Continuous training is provided to ensure Bid Committee Members are informed, advised of any changes and equipped to maintain a high standard of compliance.

6.1.9 Procurement below R750 000

To procure goods or services which involve a transaction value overR2 000 and up to R750 000, written price quotations must be obtained. SCM tracksthe ratio between Requests for quotations (RFQ's) that have been advertised and the number of responses received to establish the supplier activity in our procurement processes.

For the period 1 April 2026 until 30 June 2026, a total of 2 851 RFQ's were advertised on the City's website. 20 304 responses were received equating to an average response ratio of 7.12 for each RFQ advertised. Table 04 below refers:

Table 04: RFQ Advertisements vs Responses Received for the period 1 April 2026 until 30 June 2026

Month	Goods			Services		
	RFQ's Advertised	RFQ Responses	Ratio	RFQ's Advertised	RFQ Responses	Ratio
Apr 2026	661	6 048	9.15	267	699	2.62
May 2026	966	7 890	8.17	275	628	2.28
June 2026	543	4 557	8.39	139	482	3.47
Total	**2 170**	**18 495**	**8.52**	**681**	**1 809**	**2.66**

Total RFQ's advertised	2 851
Total responses	20 304
Ratio	7.12

The SCM Regulations require a minimum of three (3) responses. The ratio of 7.12 is above the minimum responses and shows that suppliers are interested in doing business with the City.

Table 05: RFQ Advertisements vs Responses received for the 2025/26 Financial Year.

Period	Goods			Services		
	RFQ's Advertised	RFQ responses	Ratio	RFQ's advertised	RFQ responses	Ratio
Quarter 1	2 837	24 925	8.79	848	2 204	2.60
Quarter 2	1 712	14 509	8.47	713	1 606	2.25
Quarter 3	2 163	17 838	8.25	643	1 646	2.56
Quarter 4	2 170	18 495	8.52	681	1 809	2.66
Total	**8 882**	**75 767**	**8.51**	**2 885**	**7 265**	**2.52**

Total advertised	11 767
Total responses	83 032
Ratio	7.06

The average response ratio of 7.06 is well above the norm of 3 responses per RFQ. This is reflective of a highly competitive environment, indicating that many small and micro businesses are eager to trade with the City and access economic opportunities.

6.1.10 Reporting on Specific Goals in relation to the Preferential Procurement Regulations, 2022

Table 06 below illustrates the number of purchase orders, and their values, processed by the City for each B-BBEE status level of contributor for the period 1 April 2026 until 30 June 2026.

On 4 November 2022 (Government Gazette No. 47452, Vol. 689) was published introducing the latest Preferential Procurement Policy Framework Act (5/2000): Preferential Procurement Regulations with an implementation date of 16 January 2023. The requirements relating to B-BBEE were removed from the Regulations and replaced with specific goals requirements, meaning specific goals as contemplated in section 2(1)(d) of the Act which may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender and disability including the implementation of programs of the Reconstruction and Development Programme as published in Government Gazette No. 16085 dated 23 November 1994.

The change in legislation resulted in all tenders advertised after 16 January 2023, measuring the preference on specific goals rather than B-BBEE contribution status. The report reflects both spending against B-BEEE levels and HDI/ RDP goals approach, including how the procurement rand spent supports Small Medium Enterprises.

During Quarter 4 of the 2025/26 financial year, 62 tenders were awarded under the Preferential Procurement Regulations of 2022; of which 97% (60/62) of the awards were in terms of the HDI/RDP goals and in 3% (2/62) of tender awards made, tenderers did not earn/claim preference points for HDI/RDP goals.

The Table 06 below depicts the awards made per HDI/RDP category with the total award amount.

Table 06: HDI/ RDP Total Award Value per Category for the period 01 April 2026 to 30 June 2026

HDI/RDP Goals	Number per Category	Total Award Value per Category
Women**	0	0.00
Black**	0	0.00
Disabilities**	0	0.00
SMME	3	R11 055 573.45
No HDI/RDP Goal	2	R171 252 680.94
More than one HDI/RDP Goals	57	R5 206 141 956.11
Total	**62**	**R5 388 450 210.50**

** Included in the More than one HDI/RDP Goals category of 57 awards.

During the 2025/26 financial year, 259 tenders were awarded under the Preferential Procurement Regulations of 2022; of which 96% (248/259) of the awards were in terms of the HDI/RDP goals and 4% (11/259) awards made did not score in terms of the HDI/RDP goals.

The Table 07 below depicts the awards made per HDI/RDP category with the total award amount.

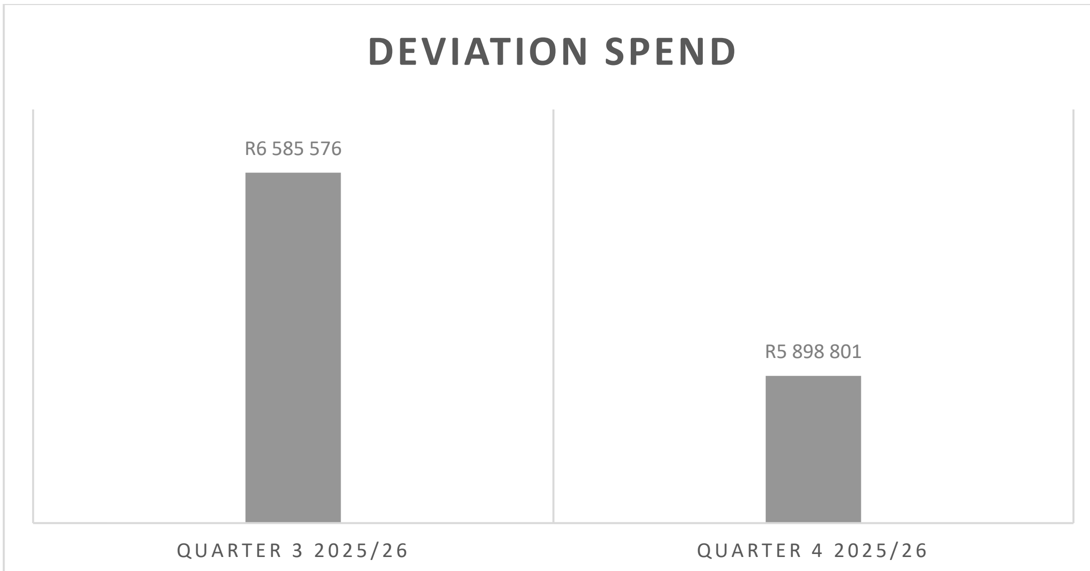
Table 07: HDI/ RDP Total Award Value per Category for the period 01 July 2025 to 30 June 2026

HDI/RDP Goals	Number per Category	Total Award Value per Category
Women	2	R70 400 000.00
Black	4	R77 298 825.74
Disabilities	2	R11 797 876.00
SMME	5	R33 305 573.45
No HDI/RDP Goal	11	R989 448 570.79
More than one HDI/RDP Goals	235	R24 796 341 540.04
Total	**259**	**R25 978 592 386.02**

6.1.11 Procurement Deviations

Deviations are approved in line with the Systems of Delegations. Ongoing initiatives to minimize deviations include SCM engaging line departments to put formal tenders in place and training interventions to manage emergencies (strict associated conditions). The results are demonstrated below in Graph 01.

Graph 01: Deviations R750k for quarter 4 of 2025/26



The deviation spend for procurements of R750 000 and below for the quarter ended 30 June 2026 decreased by 11%, from R6.59 million in the previous quarter to R5.89 million.

The deviation spend during the quarter can largely be attributed to where appointments are determined by the relevant professional bodies, as well as the attendance of conferences and seminars required to meet operational and regulatory obligations, which are ongoing.

In addition, a portion of the deviation spend relates to workshop repairs on City vehicles, where the full scope of repair work is often only identified once maintenance has commenced.

The timely repair and maintenance of City vehicles remain critical to ensuring the uninterrupted delivery of essential municipal services and supporting ongoing service delivery requirements. There was also less emergency sewer repairs required in the below R750 000 processes, which contributed to the reduction in deviation spend.

This is reflective of the City's desire to ensure good governance, stimulate competition amongst suppliers and drive open and transparent processes.

6.2 Supplier Development, Empowerment and Management

6.2.1 Supplier Empowerment (Community Based Suppliers)

At the end of Quarter 4, there are 1 454 Community Based Suppliers. Table 10 under paragraph 6.2.2 refers.

The monthly Community Based Supplier spending for Quarter 4 of the 2025/26 financial year is summarized as per Table 08 below.

Table 08: Monthly Community Based Supplier Spending

Details	Apr 26	May 26	June 26	Total
Number of awards	15	23	23	61
Award values	R128 353.00	R108 813.00	R186 470.05	R423 636.05

The City increased its community-based spending by 7.73% (Q3 2025/26 spend: R393 225.50) when compared to the previous quarter. This increase supported 61 procurement awards below R750 000 (RFQ's) for the quarter under review. Community Based Vendor support speaks to one of the core values of being a caring City.

Table 09: Year-on-Year Community Based Supplier Spending

Details	2022/23	2023/24	2024/25	2025/26
Number of awards	52	87	172	154
Award values	R1 338 983.61	R673 899.82	1 058 280.40	R1 185 660.45

The City increased its community-based spending by 12.04% (2024/25 spend: R1 058 280) when compared to the previous quarter. Community Based Vendor support speaks to one of the core values of being a caring City.

6.2.2 Supplier Management

The City's supplier database is maintained in parallel with the National Treasury Central Supplier Database. These databases provide information on accredited suppliers capable of doing business with the City and must be maintained through stringent due diligence processes to ensure compliance to SCM Regulations 44 and 45 to test conflict of interests.

The City's supplier database statistics for the period 01 July 2025 to 30 June 2026 are shown in Table 10 below.

Table 10: Supplier registration statistics 2024/25 vs 2025/26

Details	2024/25 Totals	2025/26 Totals
Accredited Suppliers on the City Database	19 602	18 394
Central Supplier Database registered (CSD)	18 022	17 730
Total E-Procurement registered suppliers	8 453	9 416
Community Based Suppliers (CBS)	1 501	1 454

As at the end of quarter 4 of the 2025/26 financial year, the City had a total of 18 394 accredited suppliers, of which 17 730 suppliers are CSD registered. These statistics include 9 416 registered E-Procurement suppliers and 1 454 Community Based Suppliers.

As part of the ongoing CAR Scrubbing Project, the City's supplier database is undergoing a comprehensive data cleansing exercise to improve the accuracy and integrity of supplier information. Consequently, the supplier database statistics for the 2025/26 financial year are not directly comparable with previous reporting periods, as the underlying supplier base has been refined through the removal of duplicate, inactive and invalid supplier records and the correction of supplier information.

The quarterly comparable newly approved supplier registration statistics are included in Table 11 below.

Table 11: New approved supplier registration statistics 2024/25 vs 2025/26

Period	2024/25 Totals	2025/26 Totals
Quarter 1	214	381
Quarter 2	215	339
Quarter 3	194	360
Quarter 4	275	437
Total for Financial Year	**898**	**1 517**

A total of 1 517 new supplier registration applications were approved for the 2025/26 financial year. The increase in new suppliers reflects the central pillars of inclusivity and the opportunity City where there is wide interest in doing business with a well-run City. Suppliers are paid on time and hence appreciate working for the City.

6.2.3 Due Diligence processes

Continuous due diligence reviews are being performed to ensure compliance with clauses 44 and 45 of the Municipal SCM Regulations. Controls have been put in place to ensure that the City does not do business with any person in service of the state. A dual verification process ensures the completeness of both the declaration of interest process and the family reporting note in the financial statements. The Consumer Profile Bureau reporting tool is being used to perform due diligence checks on both the staff and suppliers. All City staff and Councilors declaration/s of interest/s are assessed for possible conflicts to the SCM system. Where conflicts are detected due to misrepresentation or incorrect information supplied to the City, relevant action is taken.

As per Table 12 below, a total of 35 360 staff declaration/s of interest/s were assessed by SCM during the 2025/26 financial year.

Table 12: Staff Declaration of Interest (DOI's) and Private Work applications reviewed during the 2025/26 financial year

Applications and declarations reviewed by SCM	2024/25 FY	2025/26 FY
Electronic DOI's	18 584	28 486
Manual DOI's and private work applications	5 045	6 876
Total	**23 629**	**35 360**

As stipulated in MSCM Regulation 45, the City is required to report on all awards over R 2 000 made to a person who is a spouse, child or parent of a person who is in the service of the state or has been in the service of the state in the previous 12 months. Systems and procedures are in place to track and monitor potential conflicts of interest with City officials and employees in the state. There is a dependency on the central supplier database for completeness of data relating to all state employees to detect potential conflicts.

Staff non-disclosure cases are referred to Executive Directors to investigate to ensure that the declared relation/s do not pose a conflict with the procurement processes. Where required, if conflicts are detected with City officials and vendors, these are reported to Forensic Services to investigate. Necessary action is then taken against defaulters.

6.2.4 Supplier Performance Management

Supplier performance management is monitored on the City's internal monitoring tool namely the *"Red List"* which tracks information on suppliers who are not performing satisfactorily or who have possibly committed abuse of the SCM system.

The quarterly supplier performance statistics are contained in Table 13 below.

Table 13: Supplier Performance Management for the 2025/26 Financial Year

Reason for Default	**Total**
Reputational Risk (includes Negative Media and Reputational Risk)	**230**
Misrepresentation and Fraud (including Alleged Misrepresentation, False Documentation, Alleged Fraud, Fraudulent Email Address and Bribery)	**29**
Linked Entities / Associations (includes Linked Entities and Association with Notorious Individuals)	**16**
Abuse of SCM Processes (includes Abuse and Possible Collusion)	**12**
Contract Performance (includes Poor Performance, Non-Delivery and Contract Management Irregularities)	**9**
Total	**296**

Supplier Performance Management is monitored through the City's internal monitoring tool, namely the **Red List (Defaulter's List)**, which records suppliers that have been identified through due diligence processes, contract management, forensic investigations, legal matters, complaints, or other governance processes that may require noting, monitoring, restriction, or further investigation.

The Red List is a **dynamic management tool** and should not be regarded as a static register. Supplier records are continuously updated as investigations progress, legal opinions are received, matters are resolved, restrictions are imposed or lifted, and new information becomes available. In addition, the Red List continues to be refined in line with evolving SCM governance directives and approved processes. Consequently, the composition of the list will naturally vary from quarter to quarter and from one financial year to the next.

For the **2025/26 financial year**, supplier records were captured across five primary default categories. The highest number of matters related to **Reputational Risk** (230 cases), followed by **Misrepresentation and Fraud** (29 cases), **Supplier Associations/Linked Entities** (16 cases), **Abuse of SCM Processes** (12 cases) and **Contract Performance** (9 cases).

These categories provide a consolidated view of the various governance, compliance and supplier performance matters recorded on the City's Red List during the reporting period.

6.3 Inventory and Stores Management

The primary objective of the Inventory and Stores Management (ISM) division is to supply the City's user departments with the right quantity and quality of materials at the right time. This is being done to facilitate the efficient delivery of services to the inhabitants of Cape Town. ISM seeks to maintain a healthy balance between inventory levels and working capital investments.

In total, the City has 35 stores and 18 Fuel sites. There are 15 241 different materials and 25 546 bins maintained.

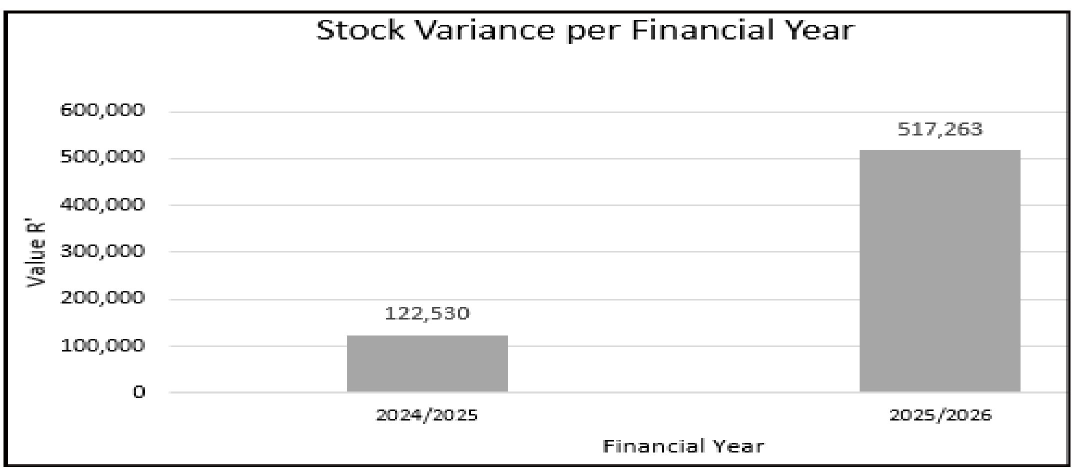
6.3.1 Annual Stock Take results

The MFMA requires that inventory be verified at least once per financial year. ISM, however, performed two stock takes in the financial year to ensure inventory accuracy.

The annual stock take resulted in a net stock adjustment of R517 262.70. Inventory stock losses were investigated, assessed, and formally reported to the Chief Financial Officer and approved for write-off. In addition, all surpluses were also investigated, assessed, and approved by the Director SCM.

The below Graph 02 depicts the stock variances (stock written off) comparison between the 2024/2025 and 2025/2026 financial year end.

Graph 02: Stock Variances



The main contributors of the net stock adjustment to the value of R517 262.70 are:

Stock losses to the value of R526 956.74

1) Stock Shortage of R88 640.16
2) Stock Theft of R438 316.58

Surplus stock to the value of R9 694.04

Loss:

Stock loss due to Stock Shortages totaling R88 640.16 comprised the following items:

Medical Equipment (R76 338.31): A loss was identified during the stock take process when sealed boxes were opened for verification and shortages were detected. Investigations to the variance revealed that the boxes were not opened during the goods receiving process to verify the quantities inside the boxes.

Fittings and Fasteners (R6,574.82): A loss was incurred due to inaccurate processing of inventory transactions, resulting in stock record discrepancies.

Printer Cartridges (R1,334.70): A loss resulted from incorrect goods processing on SAP. General Items (R35.28): A loss of resulted from incorrect goods processing on SAP.

Consequence management was implemented against the officials who caused the variances.

Electrical Equipment and Cable (R4,357.05): Losses were recorded due to normal drum-end tolerances inherent in the manufacturing process of cable products.

Stock loss due to theft totaling R438 316.58 comprised the following items:

Printing and Stationery (R421 757.57): A loss was incurred as a result of a fraud incident in which individuals falsely represented themselves as manufacturer representatives and removed stock from the store under the guise of collecting potentially expired items. Consequence management will be implemented against the official who failed to adhere to the prescribed business processes.

Electric Cable (R16 559.01): A stock loss was incurred following the theft of cable during a burglary. The stock was secured behind a locked gate, protected by CCTV surveillance and guard dogs. To mitigate future risk, the cables were subsequently relocated to a more secure area within the warehouse.

Surplus:

Stock surpluses totaling R9 694.04 comprised the following items:

Electrical Equipment and Cable (R9 305.59): A surplus resulted from normal "over and short" tolerances inherent in the manufacturing and packaging process of cable products.

Fittings and Fasteners (R388.45): A surplus was identified during the stock take process when sealed boxes were opened for verification and additional quantities were found. Consequence management was taken against the official who failed to adhere to the prescribed business processes.

Mitigating measures going forward

ISM has implemented stricter security controls in the Stores to minimize the possibility of stock theft. This includes tightening access controls and increased security patrols after normal working hours. Further to this, monitoring of daily counts is in place to ensure early detection and addressing of variances.
The ISM branch also undertakes a second mid-year stock count over and above the legislated year-end verification of stock.

Overall, the stock reassessment for the financial year resulted in a stock loss of R519 903.56 which is minimal compared to an average stock holding of R709 million. This means that 99,93% of the City’s inventory is strictly controlled and accounted for in terms of the MFMA.

Impairments:

Stock Impairments due to obsolescence totaling R7 821 586.70 were written down due to technology upgrades, product lifecycle expiration and extraordinary COVID-19 procurement requirements.

Surgical Equipment and PPE (R5 819 751.15)**:** Procured during the COVID-19 pandemic based on demand at the time which drastically reduced following ease of COVID-19 restriction.
To minimize the loss, ISM attempted to return the stock to the supplier, tried to sell it to other government entities and encouraged end users to use it and repurpose.

There was some reduction in the stock, but it was not enough to have the stock fully depleted before it became obsolete. In addition, inventory control processes have been strengthened through improved review procedures and approval mechanisms to avoid inadvertent reordering of obsolete or superseded stock.

Printer Cartridges (R933 349.35): A loss was recorded after printer cartridges were declared obsolete due to prolonged non-utilisation, lack of demand, incompatibility with the City's printer network, and product end-of-life status.

IS&T Equipment (R908 574.36): A loss was recorded after equipment was declared obsolete due to product end-of-life, discontinued support, technological incompatibility, and prolonged delays in deployment resulting from the Broadband Infrastructure Programme (BIP) freeze.
The IS&T Telecommunication Broadband Services (TBS) branch has implemented targeted risk mitigation measures aimed at preventing the future procurement of legacy and end-of-life items.
These measures include enhanced procurement restrictions to flag and prevent the acquisition of items identified as nearing end-of-life or where operational demand has materially declined. In addition, inventory control processes have been strengthened through improved review procedures and approval mechanisms to avoid inadvertent reordering of obsolete or superseded stock.

IS&T maintain regular engagements with SCM to review stock movement. Where new technologies are introduced, all relevant stakeholders are informed in advance to support proactive inventory management.

Automotive Spares (R158 541.54): A loss was recorded after automotive spares were declared obsolete due to being outdated, slow-moving, and incompatible with current vehicle specifications. Despite efforts to redistribute and use the stock, no operational demand existed for the items.

Electrical Components (R1 370.30): A loss was recorded after the user department declared the items obsolete due to a lack of operational requirements.

Total stock impairments for the financial year amounted to R7 821 586.70 representing just 0.52% of the City's stock usage of R1.518 billion. This demonstrates that the City's stock is effectively controlled and accounted for, in compliance with the MFMA and related inventory management standards.

Stock loss due to damage totaling R133 797.39 comprised the following items:

Food items (R22 307.77) and protective equipment (R3 893.61) was rendered unfit for use or consumption due to rodent activity. To mitigate future risk, these items were subsequently relocated to a more secure area within the warehouse, with increased pest control measures.

Fuel (107 596.01) was found to be contaminated due to water and sludge. To mitigate future risk, maintenance plan for all fuel storage tanks, including periodic cleaning, inspection for corrosion, and servicing to prevent sludge build-up and contamination will be implemented.

6.3.2 Comparative Stock results

Comparative results for the last two financial years are indicated in Table 14 below:

Table 14: Results for Quarter 4 – 2024/25 and 2025/26

Quarter 4	Stock value at end of quarter (R)	Average stock value during quarter (R)	Usage value during quarter (R)	Annualised stock turns	Number of transactions during quarter
2024/25	610 556 332	606 437 456	319 940 053	2.09	196 439
2025/26	675 332 225	709 594 125	440 169 361	2.45	196 218
% Change	10.61%	17.01%	37.58%	0.36	-0.11%

The quarterly comparable stock value increased by 10.61% (1 April 2026 to 30 June 2026 compared to 1 April 2025 to 30 June 2025). The R64.76 million rise in inventory was primarily driven by global supply-chain uncertainty stemming from the US–Iran conflict, prompting the strategic early procurement of long-lead materials. ISM continuously monitors the supply chain environment to identify emerging risks early, ensuring uninterrupted supply continuity.

The stock turn ratio improved from 2.09 in Quarter 4 of the previous financial year to 2.45 in the comparable quarter of the current year. This improvement was driven by enhanced inventory management practices and more effective alignment of stock holdings with operational demand. Through the implementation of rigorous Material Requirements Planning (MRP) processes, ISM management has strengthened demand-driven procurement, reduced unnecessary stock levels, optimized working capital, and ensured stock availability while mitigating the risk of stockouts.

The quarterly inventory usage increased by R120 million, reflecting a 37.58% increase in overall demand when comparing the periods 1 April 2026 to 30 June 2026 and 1 April 2025 to 30 June 2025. This increase is primarily attributed to a notable increase in the consumption of key items such as ICT Hardware, Electric Meters, Ferric sulphate, Refuse bags, Mini subs, and Water meters.

The number of inventory transactions remained the same when the current year's quarter was compared to the same quarter last year as the number of inventory transactions reduced by a mere 0.11%. This enabled more efficient inventory distribution through fewer transactions, supporting improved inventory utilisation and demonstrating ISM's commitment to inventory optimisation.

Comparative results for the last two financial years are indicated in Table 15 below:

Table 15: Annual results for 2024/25 and 2025/26 financial years

	Stock value at end of quarter (R)	Average stock value during quarter (R)	Usage value during quarter (R)	Annualised stock turns	Number of transactions during quarter
2024/25	610 556 332	589 563 206	1 334 006 333	2.23	791 250
2025/26	675 332 225	693 229 821	1 518 364 557	2.16	818 180
% Change	**10.61%**	**17.58%**	**13.82%**	**-0.07**	**3.40%**

An overall increase of 17.58% in average stock value was recorded compared to the previous financial year, with a marginal 0.07 reduction in the stock turnover ratio, indicating slower movement of inventory relative to average holdings. The R64.76 million rise in inventory was primarily driven by global supply-chain uncertainty stemming from the US–Iran conflict, prompting the strategic early procurement of long-lead materials. ISM continuously monitors the supply chain environment to identify emerging risks early, ensuring uninterrupted supply continuity.

The increased demand for electrical materials necessitated higher inventory holdings. In particular, electric meter consumption increased by R30.24 million (289%) compared to the corresponding period of the previous year, while the related stockholding value increased by R28.52 million (54%) to support operational requirements. Other high-demand items that showed a significant increase in consumption, which required increased stock holding include:

- Keypad Metering – consumption increased by 20.57% (R7.23m) with a corresponding increase in stock value of R21.52m in comparable Quarters
- LED Luminaires – consumption increased by 79.91% (R12.72m) with a corresponding increase in stock value of R5.11m in comparable Quarters
- Smart Meters - consumption increased by 320% (R3.62m) with a corresponding increase in stock value of R4.04m in comparable Quarters

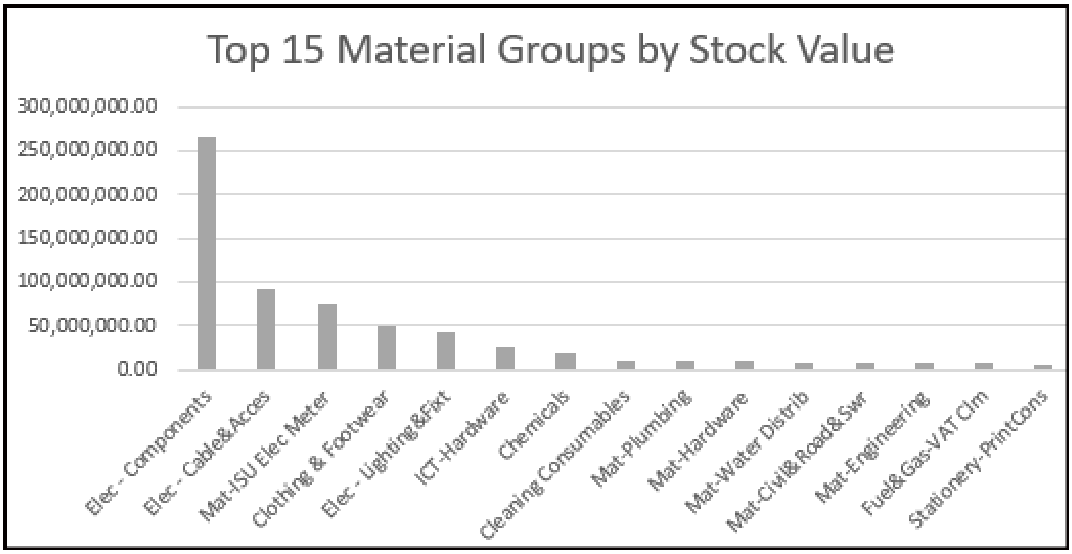
The increase in demand is further evident by the number of stock transactions increase of 3.4% year-on-year. The stock holding value increased by 10.61%, due to ISM proactively increasing stock levels of selected high-risk inventory items due to potential supply chain disruptions linked to prevailing market volatility.

To minimize overstocking and achieve optimal working capital management, ISM has improved controls and monitoring in the material demand and replenishment process. As part of this ongoing MRP optimization process, ISM regularly conducts comprehensive reviews of inventory usage trends to analyze and assess the impact of these demand drivers on demand and forecast planning.

6.3.3 Top 15 Material Groups - Stock Value as at 30 June 2026

Graph 03 below indicates the relative importance of the Top 15 material groups in terms of stock / rand value in the fourth quarter of 2025/26.

Graph 03: Top 15 Material Groups Stock Values as at 30 June 2026



Graph 03 illustrates the top 15 material groups, which account for 93% (R626 million) of the total inventory holding value of R675 million. Notably, electricity-related goods make up 75% (R472 million) of this top 15 inventory list, with a stock turnover rate of 1.50, primarily due to strategic stock held for upcoming projects with long lead times. The remaining 25% (R154 million) demonstrates strong operational efficiency with a turnover rate of 4.48, indicating efficient inventory management and alignment with consumption patterns.

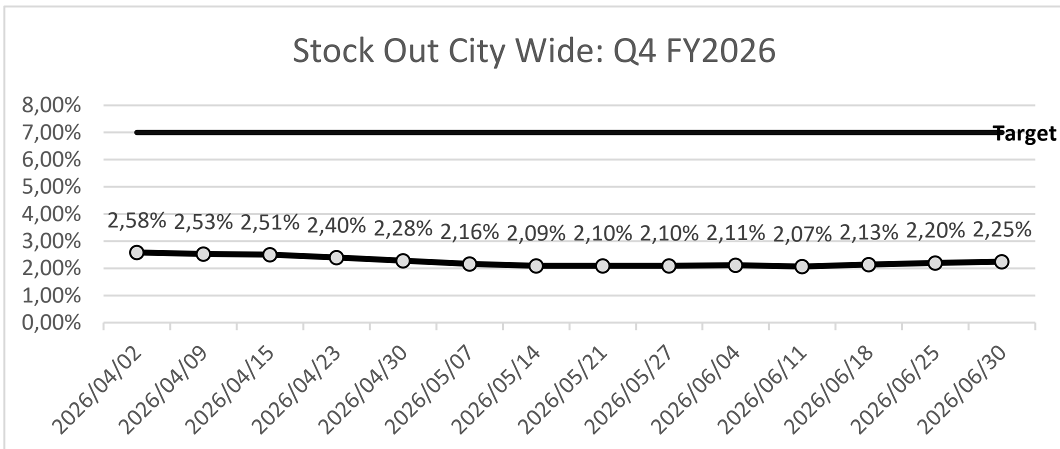
6.3.4 Stock out percentages as at 30 June 2026

The stock-out percentage improved from 2.58% to 2.25% year-on-year.

This reduction reflects improved stock availability and effective inventory management, despite ongoing global supply chain challenges affecting import-dependent commodity categories.

Graph 04 below indicates the stock out percentage as at the end of Quarter 4 of the 2025/26 financial year.

Graph 04: Stock out City wide % as at 30 June 2026



The stock availability achievement on 30 June 2026 was 97.75%. This represents an overachievement of 4.75% against the target of 93%. SAP Material Requirements Planning (MRP) is regularly reviewed and contracts are implemented timeously to ensure that stock is readily available as and when needed. Continued implementation of contracts and regular review of MRP will ensure the target is consistently achieved.

Regular engagements with user departments are held to review the current stock levels and to determine the acceptable minimum stock levels to be maintained by the stores.

6.4 Supply Chain Management Overall

6.4.1 Risk Management

The SCM risk registers and mitigating plans are reviewed during Quarter 1 and Quarter 3 each year. Additional controls which relate to the reputational damage dueto corporate crime (corruption, fraud and misconduct) as well as reputational damagedue to potential supplier collusion, fraudulent behavior and abuse of the SCM Policy were included in the risk register during the 2025/26 Quarter 1 review.

SCM is satisfiedthat known risks are being adequately managed and monitored. The latest update to the Fraud Transversal Risk register was approved in March 2026 whilst the Finance: Supply Chain Management risk register was approved on the 5th of March 2026.

6.4.2 Disposal Management

The SCM Demand & Disposal unit is responsible for the disposal of redundant movable assets and scrap. Disposal of scrap metals, oil, paper and transformers is achieved through competitive contracts with dealers in these categories of scrap.

The revenue generated for each of these categories is reflected in Table 16 below. Movable assets are disposed through an auction process conducted by a professional auctioneer who has been appointed through a competitive SCM process.

Table 16: Comparable disposal revenue (2024/25 and 2025/26 financial years)

Category	2024/25 Revenue R	2025/25 Revenue R
Disposal of scrap metals	12 372 586.82	11 654 216.40
Disposal of wastepaper	289 820.55	328 975.10
Disposal of oils	1 667 023.59	699 537.91
Disposal of Scrap Transformers	2 745 337.00	5 414 188.50
Auction	131 518 604.54	74 724 875.63
Total	**148 593 372.50**	**92 821 793.54**

As can be seen in Table 16, a total of R93 million in disposal revenue was generated for the financial year. Ad hoc vehicle auctions were held throughout the year generating more income. The next auction is envisaged to be held on 26 August 2026.

6.4.3 SCM Capacitation and Development

The SCM business improvement strategy, which focus is to provide an effective and efficient SCM service to the City, *inter alia*, provides for the staffing of the SCM unit with suitably qualified and experienced employees.

For the period 1 July 2025 to 30 June 2026, the SCM department made 57 permanent appointments. These details are as follows:

- 1 x Specialist Convener: BAC/SCM
- 4 x Heads
- 5 x Senior SCM Practitioners
- 3 x Professional Officers
- 1X Logistics Officer
- 1 x Administrative Officer 3
- 4 x Assistant Professional Officers
- 3 x Administrative Officer 1
- 2 x Storekeepers
- 1 x Assistant Storekeeper
- 1 x Specialist Clerk
- 1 x Senior Secretary
- 12 x Senior Clerks
- 8 x Senior Stores Assistants
- 5 x Stores Assistants
- 2 x Clerks
- 2 x Office Assistant
- 1 x Handyman

SCM has an **EPWP target** of **22 work opportunities** for the 2025/26 financial year.

For the period ending 30 June 2026, the SCM target is **22 work opportunities**. As of 30 June 2026, SCM has successfully created **26 work opportunities** for the financial period. SCM has exceeded the 2025/26 target by 4 opportunities.

The SCM staff establishment consists of **404 approved positions** (which **includes 8 graduate APO's** and **24 student positions**). At the end of June 2026, there were 27 vacant positions.

It should be noted that offers were made to officials for the following positions. The employment period will commence in July/August 2026.

- 1 x Professional Officer: Supplier Management
- 1 x Procurement Specialist
- 1 x Assistant Professional Officer: Tenders
- 1 x Assistant Quality Control Officer
- 1 x Specialist Clerk: Codification
- 1 x Senior Clerk

The SCM Department continues to face a moderate level of skills attrition, particularly within the Tenders environment, which remains vulnerable due to high-pressure operational demands and the development of new competencies that naturally enable employees to progress into more advanced roles both within and outside the organisation.

To mitigate the impact of unavoidable attrition and ensure the continuity of critical functions, management continues to address scarce-skills requirements through:

- Open recruitment processes
- Employee referral programmes
- Targeted headhunting initiatives

These and other retention-focused measures collectively aim to stabilise the Department's skills base and maintain operational capability in priority functions.

To support the growth of the capital budget which would consequently result in an increase volume of future tenders, additional Senior Practitioner positions have been created to provide relief on the current staff compliment.

6.4.4 SCM Audit Action Plan and AGSA

The Procurement Excellence and Governance Unit track the audit action plan regularly. All matters from the 2023/24 audit have been addressed by 31 October 2025. The 2024/25 external audit has been concluded on 26 March 2026 and matters emanating from this audit have included in the management audit action plan and are tracked monthly.

6.4.5 Management Interventions

An Orientation Program was developed for on-boarding new SCM staff within Tenders and Procurement Section to assist with quick induction and learning of City procedures and processes. Contract Management Working Group workshops with project managers are held monthly and SCM quarterly working groups with line departments commencing in quarter 3 of 2024/25, are held to create awareness to the organization of key matters affecting their procurement processes.

A drive towards implementing an SCM Management culture of accountability, good governance and efficiency is being instilled as part of the SCM roadmap, change journey and vision.

The Procurement Excellence and Governance Unit assists the SCM Director to drive departmental culture programs which have been created to address the outcome of the City Pulse and internal survey results. These programs deal with a new culture and the change process, staff motivation, productivity etc. and is closely monitored.

A key journey towards Digitization of Tenders began in 2022. The vision is to design and automate supply chain tendering, demand planning, supplier/ vendor management, ordering processes, bid committee processes. This is aimed at making the cost of doing business cheaper for suppliers, increasing efficiency and speed in tenders and improved audit trails. SCM has since then formed part of the CAR, CORE plus strategy aligning our ambitions for improved efficiency to the SAP software upgrade of the City.

6.4.6 Supply Chain Management Policy review

The 2025/2026 SCM Policy review has concluded, and the policy was approved by council on 27 May 2026. The 2026/27 policy review is expected to commence in Q2 of the 2026/27 financial period.

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