

10TH
LIMITED EDITION

National Public Sector *Supply Chain Process* Audit Convention



"Supply Chain Integrity and Public Value: From Audit Insight to Strategic Impact"

SCM Transformation, Localisation and Strategic Value

PRESENTER: MATWALE MOLAIWA

DBM (MBA/MCIPS/MDP-B-BBEE)

SCM Transformation, Localisation and Strategic Value

1. Complying practically with the new 30% local subcontracting requirement
 2. Shifting procurement from a compliance function to a strategic value driver
 3. What the proposed repeal of set-asides means for designated groups
 4. Extracting maximum value from every rand of public spend through strategic sourcing
-



SCM Transformation, Localisation and Strategic Value

Complying practically with the new 30% local subcontracting requirement

Purpose of the policy

To Use Public Procurement As A Lever To Promote:

- Socio-economic Transformation,
- Empowerment Of Small Enterprises,
- Rural And Township Enterprises,
- Designated Groups And Promotion Of Local Industrial Development.

Inclusive Economic Growth In South Africa.

EASTERN CAPE | FREE STATE | GAUTENG | KWAZULU-NATAL | LIMPOPO | MPUMALANGA | NORTH WEST | NORTHERN CAPE | WESTERN CAPE

10TH LIMITED EDITION
National Public Sector
Supply Chain Process
Audit Convention
"Supply Chain Integrity and Public Value: From Audit Insight to Strategic Impact"



SCM Transformation, Localisation and Strategic Value

Complying practically with the new 30% local subcontracting requirement

Purpose of the policy

- The 80/20 Preference Point System Will Apply To Tenders With A Contract Value Equal To Or Above R30,000.00 Up To R50 Million.
 - Tenders With A Contract Value Of Up To R50 Million Will Accordingly Be Evaluated By Allocating 80 Points Towards The Pricing Of Goods And Services And 20 Points Towards The B-BBEE Status Level Of the tenderer.
 - The 90/10 Principle Will Apply To Tenders With A Contract Value Exceeding R50 Million, With 90 Points Awarded For Pricing And 10 Points For The B-BBEE Status Level Of The Tenderer.
-

EASTERN CAPE | FREE STATE | GAUTENG | KWAZULU-NATAL | LIMPOPO | MPUMALANGA | NORTH WEST | NORTHERN CAPE | WESTERN CAPE

10TH
LIMITED EDITION
**National Public Sector
Supply Chain Process
Audit Convention**



"Supply Chain Integrity and Public Value: From Audit Insight to Strategic Impact"

SCM Transformation, Localisation and Strategic Value

Complying practically with the new 30% local subcontracting requirement

- A Tenderer With A Stipulated Minimum B-BBEE Status Level of contribution matters;
 - A Tenderer Qualifying As An EME (Annual Turnover Below R10 Million) Or QSE (Annual Turnover Below R50 Million);
 - A Tenderer Subcontracting A Minimum Of 30% Of The Tender To EME's And QSE's, Or EME's And QSE's That Are At Least 51% Owned By Black People / Black Woman / Black Youth / Black People With Disabilities / Black People Living In Rural Areas / Black
 - People Who Are Military Veterans; Or
 - Cooperatives Which Are At Least 51% Owned By Black People.
-

EASTERN CAPE | FREE STATE | GAUTENG | KWAZULU-NATAL | LIMPOPO | MPUMALANGA | NORTH WEST | NORTHERN CAPE | WESTERN CAPE

10TH
LIMITED EDITION

**National Public Sector
Supply Chain Process
Audit Convention**



"Supply Chain Integrity and Public Value: From Audit Insight to Strategic Impact"

10TH
LIMITED EDITION

National Public Sector *Supply Chain Process* Audit Convention



"Supply Chain Integrity and Public Value: From Audit Insight to Strategic Impact"

2.

What the proposed repeal of set-asides means for designated groups

SCM Transformation, Localisation and Strategic Value

2. What the proposed repeal of set-asides means for designated groups:

- In The Case Of Certain Designated Sectors as per the dti, an Organ Of State May Be Required To Only Consider Locally Produced Or Manufactured Goods Which Meet The Stipulated Minimum Threshold For Local Production.
 - To ensure protection of the economy and improve the Gross Domestic Product. Department of Small Business has set a target for employment that must be derived from small businesses.
 - Address socio-economic development challenges such as skills development, unemployment and sustainability of businesses.
 - This Requirement May However Also Be Included In The Case Of Non-designated Sectors, But Such A Specific Condition Will Need To Be Specified In The Tender Advertisement.
-

EASTERN CAPE | FREE STATE | GAUTENG | KWAZULU-NATAL | LIMPOPO | MPUMALANGA | NORTH WEST | NORTHERN CAPE | WESTERN CAPE

10TH
LIMITED EDITION
**National Public Sector
Supply Chain Process
Audit Convention**



"Supply Chain Integrity and Public Value: From Audit Insight to Strategic Impact"

SCM Transformation, Localisation and Strategic Value

Complying practically with the new 30% local subcontracting requirement

Purpose of the policy

The New Regulations Specifically Mention That Sworn Affidavits (sectoral):

- Prescribed By The B-BBEE Codes Of Good Practice Are Sufficient as Proof Of The B-BBEE Status Level Of A Tenderer.
 - EME's And 51% Black Owned in ownership.
 - QSE's, Automatically Qualifying For Certain B-BBEE Levels By Way Of A Sworn Affidavit,
 - Have Previously Struggled With The Acceptance Of Their BEE Affidavits Will Find This Provision Of Benefit To Them.
-

EASTERN CAPE | FREE STATE | GAUTENG | KWAZULU-NATAL | LIMPOPO | MPUMALANGA | NORTH WEST | NORTHERN CAPE | WESTERN CAPE

10TH
LIMITED EDITION
**National Public Sector
Supply Chain Process
Audit Convention**
"Supply Chain Integrity and Public Value: From Audit Insight to Strategic Impact"



10TH
LIMITED EDITION

National Public Sector *Supply Chain Process* Audit Convention



"Supply Chain Integrity and Public Value: From Audit Insight to Strategic Impact"

3. Shifting procurement from a compliance function to a strategic value driver

SCM Transformation, Localisation and Strategic Value

Extracting maximum value from every rand of public spend through strategic sourcing:

- *Align to strategic objectives of the organization.*
 - *Internal Analysis such as SWOT for the SCM function*
 - *Ensure proper procurement planning during budgeting – use an activity based costing to determine procurement activities.*
 - *Spend analysis and value add to the SCM value chain*
 - *World state procurement is more risk based than compliance*
 - *Performance and Supplier Relationship Management*
 - *Supplier Management and supplier profiling*
 - *Strategic sourcing must be proactive based on procurement plans.*
 - *Conduct CRM meetings for continuous improvement*
-

EASTERN CAPE | FREE STATE | GAUTENG | KWAZULU-NATAL | LIMPOPO | MPUMALANGA | NORTH WEST | NORTHERN CAPE | WESTERN CAPE

10TH
LIMITED EDITION

**National Public Sector
Supply Chain Process
Audit Convention**



"Supply Chain Integrity and Public Value: From Audit Insight to Strategic Impact"

SCM Transformation, Localisation and Strategic Value

Shifting procurement from a compliance function to a strategic value driver:



•Health consciousness •Lifestyle attitudes •Affordability	•Technology incentives •Level of innovation •Automation •Research and Development •Tech awareness •Artificial Intelligence •Cyber threats	•Economic Growth •Exchange rates •Interest rates •Inflation rates •Disposable Income •Unemployment rate	•Weather •Climate Change •Environmental policies	•Government policies •Political Stability •Corruption •Foreign trade •Tax policy •Union expectations	•Consumer protection laws •Copyright and patent laws •Health and safety •Competition commission laws	•Bribery/Fraud •Intellectual property •Reputation •Business Ethics •Confidentiality
---	---	---	--	--	--	---

SCM Transformation, Localisation and Strategic Value

Shifting procurement from a compliance function to a strategic value driver:

Steps to establish a category management system



10TH
LIMITED EDITION

National Public Sector *Supply Chain Process* Audit Convention

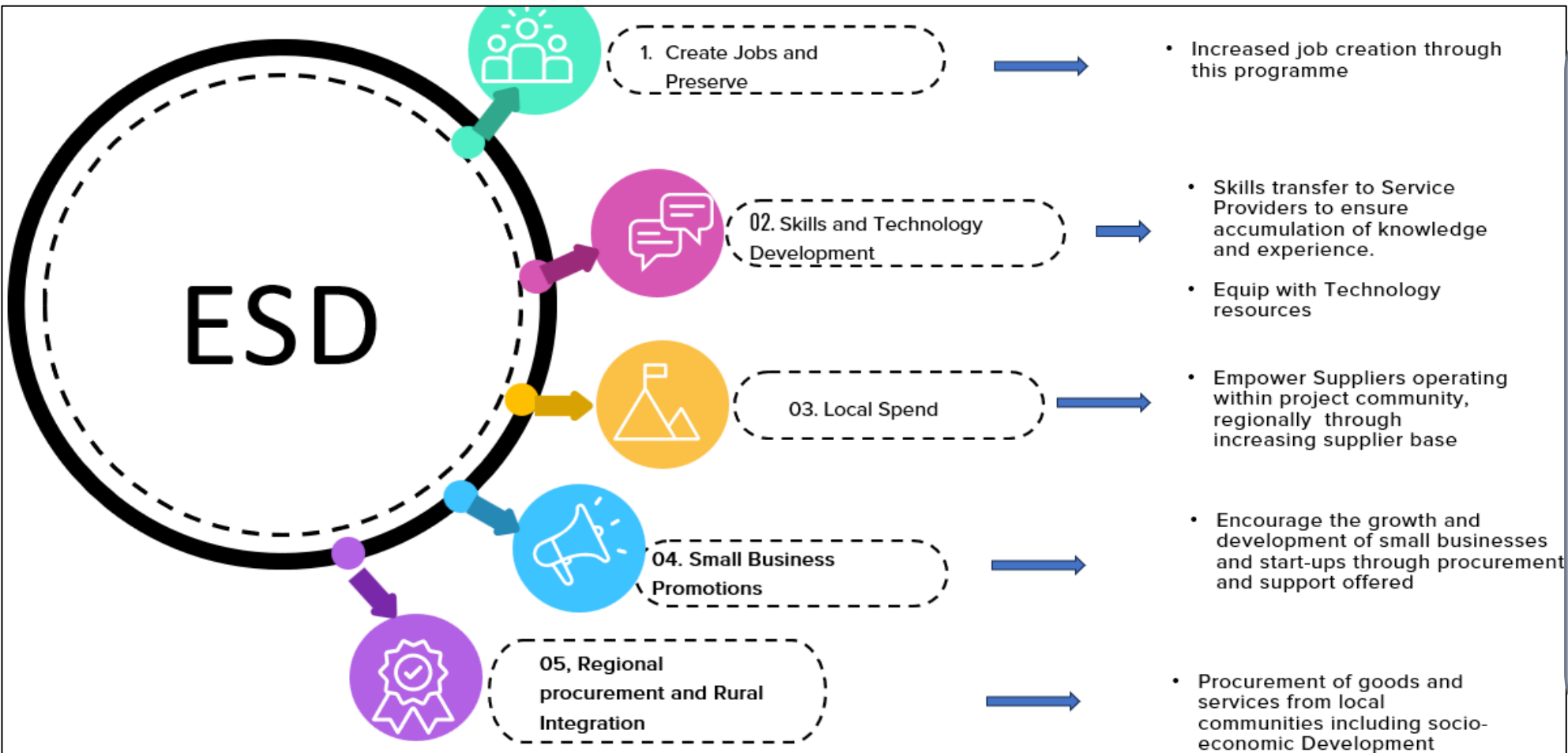


"Supply Chain Integrity and Public Value: From Audit Insight to Strategic Impact"

4. Extracting maximum value from every rand of public spend through strategic sourcing.

SCM Transformation, Localisation and Strategic Value

Shifting procurement from a compliance function to a strategic value driver:



Add value to the transformation objectives.

Agenda : 2030 must commence now.

10TH
LIMITED EDITION

National Public Sector *Supply Chain Process* Audit Convention



"Supply Chain Integrity and Public Value: From Audit Insight to Strategic Impact"

Thank you.