The activities for this unit will highlight the multi-dimensional and complex nature of information flow in the bid committee system, and the high margin for error and manipulation. The activities further will highlight how the SCM unit of the department/institution is at the centre of all transactions that take place.

Outcome of Worksheet

The learner will demonstrate an understanding of the elements and relationship between the elements and roles in the Supply Chain Management Model.

Note to learner:

- Read the questions carefully before attempting to answer.
- There may be more than one correct response for each question

Assessment 1

Complete the multiple choice questions for Unit 1. Note that this serves as an assessment. Note that marks earned from this assessment will count toward your overall score.

Question 1

Certain role players in SCM are linked to duties. Which of the following statements is/are true?
(i) A separate SCM unit is to be established within the office of the relevant institution’s chief financial officer (CFO) to implement the institution’s SCM.

(ii) The Provincial Treasuries are empowered to issue practice notes which are in contradiction to those of National Treasury.

(iii) Accounting officers / authorities should ensure that a formal code of conduct and a set of delegations are issued to bid adjudication committees.

[1]

Answer: *
◊ (i)
◊ (ii)
◊ (iii)
◊ (i) and (iii)
◊ (i) and (ii)

Question 2
Which statement is false?

(i) Provincial treasuries will be required to publish regular practice notes to address relevant SCM topics such as performance specifications, procurement documentation, targeted procedures and integrity management.

(ii) The Supply Chain Management Office should maintain a database of non-preferred suppliers.

(iii) The accounting officer / authority of an institution should develop and implement in that institution an effective and efficient SCM in terms of the institution’s internal supply chain management policy.

[1]

Answer: *
◊ (i)
◊ (ii)
◊ (iii)
◊ (i) and (iii)
◊ (ii) and (iii)

Question 3
An integrated SCM system must provide for certain key elements:

i) Demand and Acquisition management
ii) Logistics and Disposal management

iii) Risk management and regular assessment of supply chain performance

Which of the following statements are true?

Answer: *
◇ (i) and (iii)
◇ (i) and (ii)
◇ All of the above

Question 4

Which statement is false?

The objectives of Supply Chain Management in the Public Sector are to:

(i) Transform government procurement and provisioning practices into an integrated SCM function.

(ii) At all times acquire and dispose of all goods, services, construction and road works and movable property to the government’s advantage.

(iii) Create a common understanding and interpretation of the preferential procurement policy.

Answer: *
◇ (i)
◇ (ii)
◇ (iii)
◇ (i) and (iii)
◇ (ii) and (iii)

Assessment 2

Arrange the following role players in the correct order that they would appear in the SCM role player accountability map below

&#65279;
i. CFO

ii. Provincial Treasury

iii. SCM Unit

iv. Accounting Officer/Authority

v. National Treasury

vi. SCM Office

**Label - A**

Answer: *
Label - B

Answer: *

Label - C

Answer: *

Label - D

Answer: *

Label - E

Answer: *

Label - F

Answer: *
Assessment 3

Answer the following questions by entering the answer in the field provided. Note that your answers will be marked by a tutor.

Demonstrate your understanding of the SCM Model by filling in the phase in building a house to the appropriate phase in the SCM Model.

a) Acquisition Management – invitation, evaluation, selection of service provider
b) Acquisition Management – contract management
c) Disposal Management – obsolescence management
d) Acquisition Management – contract management
e) Logistics Management – system support, contract management.
f) Acquisition Management – invitation, evaluation, selection of service provider
g) Demand Management – developing specifications
h) Demand Management – need analysis
i) Acquisition Management – sourcing

<table>
<thead>
<tr>
<th>Building a House</th>
<th>SCM Model Phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Consultation with architect</td>
<td></td>
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http://skillcentric-staging.perceptlab.net
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<thead>
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<tr>
<td>2. Development of plans</td>
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<tr>
<td>3. Selection of contractor</td>
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<td>4. Selection of project manager / quantity surveyor</td>
<td></td>
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<tr>
<td>5. Purchasing of building material</td>
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<td>6. Construction of house</td>
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<tr>
<td>7.</td>
<td>Hand over and moving into the house</td>
</tr>
<tr>
<td>8.</td>
<td>Maintenance and renovation</td>
</tr>
<tr>
<td>9.</td>
<td>Sale / destruction of house</td>
</tr>
</tbody>
</table>

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**Appendix A - Resources**

**Course Notes**

**Introduction to Supply Chain Management**

Worksheet: scmsp-iscm-285

Content created by Guillaume Kruger

A short introductory paper on Supply Chain Management.

File:

![Image](eLearning Manual - Introduction 2009.pdf)

http://skillcentric-staging.perceptlab.net
Supply Chain Management Concepts

Worksheet: scmsp-scmc-296

Content created by Guillaume Kruger

Introduction

The PFMA requires the introduction of supply chain management in every department / institution. The express provisions on supply chain management relate to the implementation of policies within the prescribed framework that must be fair, equitable, transparent, competitive and cost-effective.

Concepts of Supply Chain Management

SCM includes "the acquiring and disposing of all goods, services, construction and road works and immovable property of all constitutional institutions, public entities as defined in schedule 3A and 3C of the PFMA, national and provincial departments, trading entities, municipalities and municipal entities as defined in the MFMA and all school governing bodies whether or not they have been assigned additional responsibilities in terms of section 21 of the South African Schools Act, 1996". (National Treasury – Policy Strategy To Guide Uniformity in Procurement Reform Processes in Government – 10/09/2003)

SCM is an integral part of prudent financial management. It introduces internationally accepted best practice principles, while at the same time addressing Government’s preferential procurement policy objectives. Integrated supply chain management aims to add value at each stage of the process – from demand of goods or services to their acquisition, managing the logistics process and finally, after use, to their disposal. In doing so, it addresses deficiencies in current practice related to procurement, contract management, inventory and asset control and obsolescence planning.

SCM involves “the management of working capital that is invested in goods, stores and services with the objective of optimising the economic return on such investment. It entails proper planning at budgeting phase, careful product / service selection, supplier selection and management, bidding, requisitions, catalogue management, ordering, invoicing and payment, customer service and asset and inventory management. The process begins when the needs are identified during the strategic planning phase of the organisation when service delivery targets are identified, to the point of finally disposing of an asset”.

Uniformity in bid and contract documentation and options as well as bid and procedure standards, among others, will promote standardisation of supply chain management practices.

The supply chain encompasses all activities associated with the flow and transformation of goods from the raw material stage (extraction), through to the end user, as well as the associated information flows. Material and information flow both up and down the supply chain (Handfield & Nichols, 1999: 2).

SCM is the systems approach to managing the entire flow of information, materials and services from raw materials suppliers through factories and warehouses to the end customer (Leenders & Fearon, 1997: 295).

Supply chain management (SCM) is a management philosophy aimed at integrating a network (or web) of upstream linkages (sources of supply), internal linkages inside the organization and downstream linkages (distribution and ultimate customers) in performing specific processes and activities that will ultimately...
create and optimize value for the customer in the form of products and services which are specifically aimed at satisfying customer demands (Hugo, Bardenhorst-Weis & Van Rooyen 2002:29).

**Legislation and policy strategy**

SCM is guided by the principles of co-operative governance and intergovernmental relations as stipulated in the Constitution, enshrining the autonomy of each sphere whilst regulating the relationship between those spheres.

**Constitutional provisions**

- **Section 217(1) of The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) provides the basis for procurement and determines that**

> “When an organ of state in the national, provincial or local sphere of Government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective”.

- **Section 217(3) of The Constitution, 1996 further confers an obligation for national legislation to prescribe a framework providing for preferential procurement to address the social and economic imbalances of the past.**

- **Sections 215-219 of the Constitution further require the National Treasury to introduce uniform norms and standards within Government, ensuring transparency and expenditure control measures, which should include best practices related to supply chain management.**

**Public Finance Management Act, 1999 (PFMA), Act 1 of 1999 as amended by Act 29 of 1999**

The Public Finance Management Act, 1999 (PFMA), Act 1 of 1999 as amended by Act 29 of 1999 was approved by Parliament and promulgated in March 1999 “to regulate financial management in the national Government and provincial Governments, to ensure that all revenue, expenditure, assets and liabilities of those Governments are managed efficiently and effectively and to provide for the responsibilities of persons entrusted with financial management in those Governments.” In terms of section 76(4)(c) of the Act “the National Treasury may make regulations or issue instructions applicable to all institutions to which this Act applies, concerning the determination of a framework for an appropriate supply chain management system which is fair, equitable, transparent, competitive and cost-effective”. However, according to section 38(1)(a)(iii) of the Act it is the responsibility of “the accounting officer / authority of a department, trading entity or constitutional institution to have and maintain an appropriate procurement and supply system which is fair, equitable, transparent, competitive and cost-effective”.

This act

- regulates financial management in the national Government and provincial Governments

- ensures that all revenue, expenditure, assets and liabilities of those Governments are managed efficiently and effectively
provides for the responsibilities of persons entrusted with financial management in those
Governments provides for matters connected therewith.

Treasury Regulations for departments, trading entities, constitutional institutions and public entities
issued in March 2005 in terms of the PFM

SCM Acronyms

Worksheet: scmsp-sa-286
Content created by Guillaume Kruger

A number of commonly used acronyms

File:

E-Learning Bid PFMA - Acronyms.pdf

Supply Chain Management Manual

Worksheet: scmsp-scmm-297
Content created by Guillaume Kruger

The following file is the manual for SCM.

File:

E- SCM BID COM Learning material - Updated June 2008.doc

SA Treasury Website

Worksheet: scmsp-stw-294
Content created by Guillaume Kruger

There are a number documents available on this website relating to SCM.

URL:
SA Treasury
Supply Chain The Ford Way

Worksheet: scmsp-scfw-293
Content created by Guillaume Kruger

This is a short video showing how Ford approach supply chain.

Video URL:
http://www.youtube.com/watch?v=qyO9QSo0FjU

Twitter Feed from Supply Chain Experts

Worksheet: scmsp-tfsce-295
Content created by Guillaume Kruger

A number of twitter feeds from experts in the field of supply chain

Twitter Search Type:
Search for a word
Twitter User or Hashtag:
Supply Chain Management