



SOUTH AFRICAN BROADCASTING CORPORATION LIMITED SOC  
REGISTRATION NUMBER 2003/023915/30

**GROUP EXCO AND AUDIT AND RISK COMMITTEE**

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**1. DEPARTMENT REQUESTING SUBMISSION**

Chief Financial Officer

**2. TITLE OF SUBMISSION**

Supply Chain Process Improvement Plan

**3. PURPOSE OF SUBMISSION**

To provide the status of the progress on the Supply Chain Process Improvement.

**4. BACKGROUND**

Supply Chain over the years, has been subjected to many challenges, amongst them which include:

- Long turn around times in awarding of projects as a result of a lack of project management skills
- Lack of training and workshopping of SCM officials and Bid committee members
- Continued use of contracts after their expiry
- Incorrect approvals of deviations and contract extensions
- Misalignment of SCM procedures to legislation and other regulatory requirements
- Inadequate resources, etc

As previously communicated to the Committee, SCM divisions anticipated that these plans would have been fully implemented by end of quarter 2. Below is the status of the progress, which demonstrate the full implementation of the improvement plans and thus the last report of its kind pending the guidance from the Committee.

The improved AGSA management report and performance report from Internal audit, can be attributed to the full implementation of these improvement plans within the SCM environment, and if maintained, can further elevate SCM to a clean audit.

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## 5. PROGRESS ON SCM PROCESS IMPROVEMENT PLAN

Focus Area	Risk	Activities	Responsible Person	Interdependencies	Due Date	Output Indicator	Status of completion	Comments
Annual Procurement Plan (APP)	Disruptions of supply chain management because of the COVID 19 pandemic	Review, re-prioritize and amend Annual Procurement Plan according to revised divisional needs and budgets for approval from delegated authority.	GM: Strategic Sourcing	Divisional Heads	Submit to Group EXCO for approval in October 2020	Approved Revised APP	Completed	27 Projects will roll-over and be included in the 2021/2022 APP.
	Project Management	Lack of project management skills to minimize potential problems that negatively impact project turnaround time.	Classify tender projects based on Category, value, complexity, and non-complexity to inform project allocation and execution	Category Managers and Demand Manager	Divisional Head	11 September 2020	Performance against the APP	Completed
Update weekly progress reports to include projected completion timeframes, based on complexity of project.			Category Managers and Demand Manager	None	15 May 2021	Completed and on-going		Constant progress meetings with other departments will be established and will be maintained on a continuous basis.
Limit the number of allocated projects to at least six (two complex and 4 less complex projects). Every complex project to be equivalent to two non-complex projects.			Category Managers and Demand Manager	Resource Capacitation	01 May 2021	Completed and on-going		The revised APP and additional resources seek to achieve this and reallocation of resources is a continuous activity. Close

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								monitoring by the newly Project Manager is ongoing in this regard.
Process Enhancements for Tender Process	Long turnaround times to complete tenders which may have a dire impact on business operations.	Implement procurement process within the process timelines of three to seven months and improve on them. <ul style="list-style-type: none"> <li>- Non-complex projects to be completed within three months or less</li> <li>- Complex project to not exceed seven months.</li> </ul>	All SCM Practitioners	End-users  Bid Committee Members  Resource Capacitation	30 April 2021	Performance against the APP  Individual Performance Contract	Completed and ongoing.	All projects are currently being executed within the time frame. With increase efficiencies and improved project management skills, significant improvement in the awarding of projects has been realized.
	Incurrence of irregular expenditure due to continued use of service providers after contracts has expired.	Bid Evaluation Committee meetings to be scheduled before Tender closes to secure BEC members	All SCM Practitioners	Bid Committee Members	7 September 2020	Individual Performance Contract	Completed	Scheduling of BEC meetings before tender closes implemented.
		Tender Office to fast track tender register process to ensure that the BEC members have bids on time. Tender Office to release the bids to BEC members within four (4) working days	Tender Office Officials	Resource Capacitation	7 September 2020	Individual Performance Contract	Completed	New tender register compiled; effective from 01 October 2020. Compliance checklist no

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								longer responsibility of Tender Office, BEC to compile and verify as per revised ToR.
		As part of Service Level Agreement (SLA), user department commit to submit complete information. SCM to only record or acknowledge the project once all required documents are submitted.	Category Managers, Demand Manager & Business Units	Divisional Management	1 September 2020 and ongoing	Performance against the APP	Completed	SLA requirements on completeness of information to kick start tender process implemented
		Finalize all 62 allocated projects before end of fiscal (31 March 2021). This will equate to 45% of the current APP (137 projects)	All SCM Practitioners	End-users Bid Committee Members	31 March 2021	Performance against the APP	Completed and ongoing.	The revised APP and revised targets (60%) is oncourse to be achieved. Dependencies taken into account in this regard.

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Process Enhancements for RFQ process	<p>Long turnaround times to complete tenders which may have a dire impact on business operations.</p> <p>Incurrence of irregular expenditure due to continued use of service providers after contracts has expired.</p>	<p>Develop new RFQ process with following key changes:</p> <ul style="list-style-type: none"> <li>- Business requirements/Specification submitted by the end user to a central point/ person (Manager) at SCM unit.</li> <li>- The manager allocates the business case to the responsible SCM practitioner who reviews the spec for compliance with SCM prescripts, and if all is well, set it up for advertisement</li> <li>- After closing of the RFQ, the SCM practitioner evaluates the bids and source technical inputs from the end user where necessary. These technical inputs must be in writing and form part of the evaluation report as prepared by the SCM practitioner</li> <li>- The SCM practitioner prepares the report, with a recommended bidder and submit to the Manager for review, after which the PO will be created and/or appointment letter where necessary.</li> </ul>	GM: Procurement Operations	None	September 2020	Revised RFQ SOP	Completed	

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		SOP to be developed to respond to the new process. This details the process step by step.	GM: Procurement Operations	None	09 September 2020	Revised RFQ SOP	Completed	
		SOP socialization with SCM team (P2P). Presentation of the process to the SCM team and sourcing inputs where necessary.	GM: Procurement Operations	None	14 September 2020	Workshops	Completed	
		SOP adoption and implementation	Procurement Operations	Change Management	01 November 2020	Revised RFQ SOP	Completed	The SOP was developed and socialized amongst SCM practitioners.
		Finalize 90% planned projects before end of fiscal (31 March 2021). The current APP contains 116 projects below R2 million.	GM: Procurement Operations	End-users  Resource Capacitation	31 March 2021	Performance against the APP	Not Achieved	The revised APP and revised targets (60%) is oncourse to be achieved. Dependencies taken into account in this regard.
<b>Process Enhancements for Deviations</b>	Poor planning, inadequate market research and analysis and/or poor contract management	Develop a process flow for deviation with clear timelines and activities	GM: SCM Governance	Divisional Heads and End-users	15 May 2021	Restriction of deviations to cases of emergency and where provider has sole supplier status	Completed	Deviation SOP which detail process flows were developed and socilaised. This has been

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Process Enhancements for Governance	making deviations the "normal way of procurement"	Implementing procurement process timelines for deviations within approved timelines	Demand Manager			or exceptional cases		fully implemented.
	Delays in the compliance review process impeding on the turnaround time of tender process.	Develop and implement selection criteria for projects that will undergo compliance reviews and shorten the compliance review timelines.	GM: SCM Governance	SCM Practitioners and Bid Committees	14 September 2020	Revised Tender Compliance Review SOP	Completed	Conclusion reached that the classification used by Strategic Sourcing will be used to classify and prioritize projects for compliance review.
		Engage Assurance Providers to participate in bids exceeding R30 million as per revised policy requirements.	GM: Strategic Sourcing	Assurance Providers (Legal, Internal Audit, Governance & Assurance)	With immediate effect	Tender Assurance Reports	Completed	This has been implemented.
	Internal policies and procedures							

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Resource Enhancement	not adequately aligned to legislative and regulatory requirements and/or not always adhered to.	Review of SCM templates to be aligned with the revisions to the SCM Policy and Procedure Manual.	GM SCM Governance Governance Specialist	None	15 May 2021	Approved revised Templates	Completed	Templates reviewed and shared with the teams
	Lack of capacitation of BSC & BEC members resulting in incorrect evaluation of bids & RFQ	Finalise review of BSC and BEC terms of reference for implementation.	GM: SCM Governance	SCM Practitioners and Bid Committee Members	21 September 2020	Individual Performance Contract	Completed	Finalized and communicated for implementation.
		Appointment of BSC and BEC committee members in writing with provision to accept the appointment.	GM: SCM Governance		21 September 2020		Completed	Finalized and communicated for implementation.
		Compile list of common findings identified in tender process and share with sourcing specialists and bid committee members before bid specification and evaluation processes commence.	GM: SCM Governance		07 September 2020		Completed	Common Findings Schedule completed and workshopped with SCM Staff



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Training and Awareness Program	Limited project management skills to minimize potential problems that negatively impact tender turnaround time	Check with MTI for possible secondment of the Project Manager to assist with the project management skill transfer	GM: Strategic Sourcing	Technology Division	4 September 2020	Allocated resources	Completed	Response from MTI:  <i>BES, like SCM is severely resource constrained; unfortunately, none of the PM's can be seconded to SCM at this time.</i>
	Doubling of workloads resulting in lack of focus and SCM Practitioners struggling to finish projects on time	Motivation for the recruitment of ICs/Fixed Term Contractors to assist with the unallocated projects as per current fiscal APP	GM: Strategic Sourcing	HR	01 May 2021	Allocated resources	Completed	.  Fixed Term SCM Practitioners have been employed.
	Insufficient learning and development programmes in place to capacitate SCM officials and bid committee members	Training of BSC and BEC members on the roles, responsibilities and functioning of bid committees	National Treasury	SCM Practitioners & Bid Committee members	3 September 2020	Individual Performance Contract	Completed	Part two of the workshop on role and responsibilities of BAC to be scheduled
		Training of SCM buyers on evaluation processes for new RFQ process	GM: Procurement Operations	SCM Buyers	01 October 2020	Individual Performance Contract	Completed	Workshop conducted to buyers. Continuous

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<b>Socialization of the revised SCM Policy and new processes</b>	thereby impacting on the effectiveness and efficiencies of the tender and RFQ processes							engagement still required.
		Capacitation of SCM officials through workshops, meetings, providing advice/clarity where needed through e-mails and phone calls.	GM: SCM Governance Governance specialist	SCM Practitioners and Buyers	On going	Individual Performance Contract	On going	Workshops governance reviews and Control Self-Assessment held in Q4.
	Lack of effective communication of revised policy and procedures could result in the incurrance of costly mistakes and errors in SCM processes and potentially legal and financial consequences for the SABC due to lack of compliance	Develop and Implement an internal communication plan to communicate revised SCM policy and new processes across the organization.	Head of SCM	Internal Communications	15 May 2021	Communication Plan implemented	Completed.	The internal communication department is currently utilized for all matters of organizational interest. The Head of SCM is tasked with communication of the matters.

**Prepared by:**



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**Head: Supply Chain Management (Acting)**

13 October 2021

**Date**

**Supported for submission by:**



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**Ms Yolande van Biljon**  
**Chief Financial Officer**

13 Oct 2021

**Date**