

AGENDA: MAYORAL COMMITTEE: 24 MAY 2016

164. SUPPLY CHAIN MANAGEMENT: APPROVED DEVIATIONS APRIL 2016

(Directorate: Budget and Treasury)

(PM)

1. STRATEGIC THRUST

To promote sound financial management and good governance.

2. PURPOSE OF THE REPORT

To report on the deviations approved by the accounting officer in terms of the council's supply chain policy for the month of April 2016.

3. BACKGROUND

Paragraph 36(2) of the council's supply chain management policy gives the accounting officer the responsibility to record and report all deviations approved as per subparagraph 36(1) (a) and (b) of the SCM policy.

Regulation 36(1)(a) of the Municipal Supply Chain Management Regulations provide that the Accounting Officer may dispense with the normal procurement processes and procure the required goods or services through any convenient process, which may include direct negotiations, but only:

- 3.1 in an emergency
- 3.2 if goods or services are available from single supplier only;
- 3.3 in respect of acquisitions of special works of art;
- 3.4 in respect of acquisitions of animals for Zoo's
- 3.5 In any other exceptional case where it is impossible or impractical to follow official procurement processes.

In terms of Regulation 36(1) (b) the Accounting Officer may ratify any minor breaches of the procurement processes by an official or a committee acting in terms of delegated powers, which are of a purely technical nature.

4. LEGAL AND CONSTITUTIONAL IMPLICATIONS

In terms of Regulations 6(1) of the Local Government: Municipal Finance Management Act, the Council of a Municipality must maintain oversight over the implementation of its Supply Chain Management Policy. By virtue of Regulation 36(2), the Accounting Officer must record the reasons for any deviation, must report the deviations to the next meeting of the Council and must include them as notes in the annual financial statements. Regulation 6(4) further requires the Council to make this report public in the manner prescribed in section 21A of the Local Government: Municipal Systems Act No 32 of 2000, for access thereof by the public.

5. DISCUSSION

The approved total number of deviations for the month of April 2016 is standing at three (3) amounting to **R 3 761 414.71**

Below is the spending per directorate:

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Municipal Manager
 Technical & Infrastructure Service

R 1 192 226.47
 R 2 569 188.24

R.3 761 414.71

NO	REASON FOR DEVIATION	DESCRIPTION FOR SERVICE PROVIDED	SUPPLIER	DIRECTORATE	AMOUNT VAT INCL	DATE
23	<p>Exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy.</p> <p>The service related to the investigation on the allegations against Accounting Officer, the Chief Financial Officer for poor spending of the conditional grants and the role of senior managers on the implementation of Council Resolutions.</p>	Legal Services	Norton Rose Fulbright	Municipal Manager	R 422 189.54	07/04/2016
24	<p>Emergency (Not as a result of poor planning). The contract lapsed which meant that provision of such services could not</p>	Delivery of water through water tanks	<ul style="list-style-type: none"> • Mampepu building construction • Dikgele Distributors CC • Oatlegile Consultin 	DTIS: Water & Sanitation	R2 569 188.24	20/04/2016

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	cease based on the kind of service rendered i.e Water delivery to Communities		g CC			
25	Exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy. Kgomo Mokgetle & Tlou Attorneys was appointed by the municipality, subsequent to the appointment the partnership was dissolved which meant that all matters relating to Rustenburg Local Municipality were transferred to the ME Tlou to handle them.	Legal Services	M.E Tlou Associates	Municipal Manager	R 770 036.93	20/04/2016

This item served before the Portfolio Committee: Budget and Treasury on the 20 May 2016 and the following recommendations were made:

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RECOMMENDED:

ACTION

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| 1. | That the list of deviations approved by the accounting officer on grounds As specified on paragraph 36(1) a or b of the SCM Policy for the Month of March 2016 be noted; | BTO |
| 2. | That the report be forwarded to the Provincial Treasury and National Treasury as per MFMA; | BTO |
| 3. | That the Directorate Budget and Treasury Office, in compliance with Regulation 6(4), makes this report public in the manner prescribed in Section 21(a) of the Local Government: Municipal System Act No 32 of 2000, for access therefore by the public. | BTO |
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