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**AGENDA: MAYORAL COMMITTEE: 19 JANUARY 2016**

15. **SUPPLY CHAIN MANAGEMENT: APPROVED DEVIATIONS DECEMBER 2015**  
(Directorate: Budget and Treasury)

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 December 2015.

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.

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### 5. DISCUSSION

The approved total number of deviations for the month of December 2015 is standing at three (3) amounting to R 86 771 .85

Below is the spending per directorate:

Local Economic Development	R 74 437.94
Office of the Executive Mayor	R 8 505.84
Office of the Executive Mayor	R 3 828.07
	<b>R 86 771.85</b>

NO	REASON FOR DEVIATION	DESCRIPTION FOR SERVICE PROVIDED	SUPPLIER	DIRECTORATE	AMOUNT VAT INCL	DATE
19	Produced or available from a single provider only. The available infrastructure requires electricity connection to operate fully.	Electricity connection at Sekakane Farm for poultry project	ESKOM	LED	R74 437.94	04/12/2015
20	Exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy	Replacing coolant hose and servicing brakes	BEST AUTO	OEM	R 3 828.07	08/12/2015
21	Exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy	Vehicle mechanical and services	BEST AUTO	OEM	R 8 505.84	14/12/2015

This item serve before Special PFC: Budget & Treasury on 18 January 2016 and the following recommendations were made:

**RECOMMENDED:**

**ACTION**

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| 1. That the list of deviations approved by the accounting officer for the month of December 2015 be noted; | BTO |
| 2. That the approved deviations be included as a note to the 2015/16 Annual financial statements;          | BTO |

**AGENDA: MAYORAL COMMITTEE: 19 JANUARY 2016**

3. That the report be forwarded to the Provincial Treasury and National Treasury as per MFMA; BTO
  4. That the Directorate Budget and Treasury Office, in compliance with Regulation 6(4), makes this report public in the manner prescribed in Section 21A of the Local Government: Municipal System Act No 32 of 2000, for access therefore by the public. BTO
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MINUTES: COUNCIL: 26 JANUARY 2016

15. SUPPLY CHAIN MANAGEMENT: APPROVED DEVIATIONS DECEMBER 2015-  
CC

(Directorate: Budget and Treasury)

ACTION

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| 1. | That the list of deviations approved by the accounting officer for the month of December 2015 be noted;  | BTO |
| 3. | That the report be forwarded to the Provincial Treasury and National Treasury as per MFMA;   | BTO |
| 4. | That the Directorate Budget and Treasury Office, in compliance with Regulation 6(4), makes this report public in the manner prescribed in Section 21A of the Local Government: Municipal System Act No 32 of 2000, for access therefore by the public. | BTO |
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