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AGENDA: MAYORAL COMMITTEE: 19 JANUARY 2016

14. SUPPLY CHAIN MANAGEMENT: APPROVED DEVIATIONS - NOVEMBER 2015
(Directorate: Budget and Treasury)

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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 October 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 November 2015 is standing at four (4) amounting to R 1 907 848.89

Below is the spending per directorate:

Budget & Treasury Services	R 1 750 000.00
Chief Operating Officer	R 148 200.00
Corporate Support Services	R 3 420.00
Office of the Executive Mayor	R 6 228.89
	R 1 907 848.89

NO	REASON FOR DEVIATION	DESCRIPTION FOR SERVICE PROVIDED	SUPPLIER	DIRECTORATE	AMOUNT VAT INCL	DATE
15	<p>Exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy.</p> <p>The contract was referred back at evaluation stage and therefore could not be finalized on time. Section 116(3) could not be followed due to the nature of the contract. The municipality cannot afford to miss a month in terms of meter reading while trying to follow Section 116 and for that reason it was impossible to follow the said Section.</p>	Provides meter reading services for the municipality.	AFRICAN METER READERS (PTY) LTD	BTO	R 1 750 000.00	05/11/2015

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	With the extension of the old contract, the municipality made a saving of R 779 177.88 as the price per meter for old contract was R4.50 and the price per meter for new contract is R6.84.					
16	Exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy. The Municipality appointed Ultima for the call centre and the contract had to be cancelled due to irregularities that were identified by the Auditor General and National Treasury. The Municipality entered into negotiations with the programmer of the system which was sub contracted by Ultima to provide the system direct to the Municipality hence the deviation process.	Smartmun Software. Supply, Software Introduction & Skill Transfer. Annual License & Support Fees	SYNOPSIS SOFTWARE (PTY) LTD	COO	R 148 200.00	09/11/2015
17	Emergency (Not as a result of poor planning).	Dr Doc technical support (off site and remote access) Investigate why documents are not linked to control sheets, correct problem in database structure	DELTALINK CONSULTING	CSS	R 3420.00	24/11/2015

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		and provide procedure to correct faulty data.				
18	Produced or available from single provider	Service of Vehicle BMW 535 (Registration HXR 613 NW)	BEST AUTO	OEM	R 6228.89	26/11/2015

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 November 2015 be noted; | BTO |
| 2. | That the approved deviations be included as a note to the 2015/16 Annual financial statements; | 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 21(a) of the Local Government: Municipal System Act No 32 of 2000, for access therefore by the public. | BTO |

MINUTES: COUNCIL: 26 JANUARY 2016

14. SUPPLY CHAIN MANAGEMENT: APPROVED DEVIATIONS - NOVEMBER 2015-CC

(Directorate: Budget and Treasury)

ACTION

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| 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 21(a) of the Local Government: Municipal System Act No 32 of 2000, for access therefore by the public. | BTO |
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