

## AGENDA: COUNCIL: 31 MARCH 2017

### 60. SUPPLY CHAIN MANAGEMENT: APPROVED DEVIATIONS FOR JANUARY 2017

(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 January 2017

#### 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 sub paragraph 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 January 2017 is standing at four (04) amounting to **R 1 364 825.65**

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Below is the spending per directorate:

Budget & Treasury Office

R 151 784.05

Budget & Treasury Office

R 1 200 000.00

Office of the Municipal Manager

R 13 041.60

R 1 364 825.65

NO	REASON FOR DEVIATION	DESCRIPTION FOR SERVICE PROVIDED	SUPPLIER	DIRECTORATE	AMOUNT VAT INCL	DATE
25	Emergency (Not as a result of poor planning) There is a sewer spillage in Zending street in the CBD, The spillage is not only a health hazard, environmental issue but an economic issue as well for the businesses in the area	Repair, unblock damaged main hole base and 250mm sewerage pipes and connect 250mm sewerage pipes	Sephoti Landscaping , Gardens and General Maintenance	DTIS: Sanitation	R 141 800.00	19/01/2017
26	Exceptional Case (Not as a result of poor planning)  The Supply Chain Process has already started because the Tender has been advertised on the 01 <sup>st</sup> December 2016 and closed on the 20 <sup>th</sup> January 2017	Meter Readings (01 January – 31 March 2017)	African Meter Readings (PTY) Ltd	BTO: Billing	R 1200 000.00	13/01/2017
27	Emergency (Not as a result of poor planning) The Executive mayor's vehicle got stuck in Pretoria on the 23 <sup>rd</sup> January 2017 due to the nature of the repairs it was recommended that the nearest dealer run the diagnosis and repair	Service	BMW Club Motors Fountains	DTIS: Vehicle workshop	R 9 984.05	26/01/2016
28	Produced or available from a single provider only	Public sector forum (6-7 February)	The Institute of Internal Auditors South Africa	OMM: Internal Audit	R 13 041.60	26/01/2016

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This item served before the Portfolio Committee: Budget and Treasury on the 16 February 2017 and the following recommendations were made:

### 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 January 2017 be noted;   | BTO |
| 2  | That the report be forwarded to the Provincial Treasury and National Treasury as per MFMA;   | BTO |
| 3  | That the Acting Chief Financial Officer, 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 |
| 4. | That a comprehensive report on how procurement processes were followed in appointing Sephoti Landscaping, Gardens and general Maintenance be submitted by the Chief Financial Officer at the next Portfolio Committee meeting of March 2017.     | BTO |
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## AGENDA: COUNCIL: 31 MARCH 2017

This item served before the Mayoral Committee on the 21 February 2017 and the following recommendations were made:

### 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 January 2017 be noted;   | BTO |
| 2  | That the report be forwarded to the Provincial Treasury and National Treasury as per MFMA;   | BTO |
| 3  | That the Acting Chief Financial Officer, 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 |
| 4. | That a comprehensive report on how procurement processes were followed in appointing Sephoti Landscaping, Gardens and general Maintenance be submitted by the Chief Financial Officer at the next Portfolio Committee meeting of March 2017.     | BTO |
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