

AGENDA: COUNCIL: 25 APRIL 2017

122. SUPPLY CHAIN MANAGEMENT: APPROVED DEVIATIONS FOR MARCH 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 March 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:

- a. in an emergency
- b. if goods or services are available from single supplier only;
- c. in respect of acquisitions of special works of art;
- d. in respect of acquisitions of animals for Zoo's
- e. 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.

AGENDA: COUNCIL: 25 APRIL 2017

5. DISCUSSION

- The approved total number of deviations for the month of March 2017 is standing at eight (08) amounting to R 12 626 097.56 see the attached Annexure A(Pages 748 - 751) for detailed line items.
- See attached comments form Internal Audit Annexure B (Pages 751 A – 751 AX)

Below is the spending per directorate:

Budget and Treasury Office	R 784 576.50
Technical & Infrastructure Services	R 6 719 825.86
Community Development	R 5 126 278.20
Public Safety	R 45 417.00
	R12 626 097.56

Note: Ananeng Construction

Ananeng Construction was initially called in for the emergency work however they did not execute any instruction given to them as they did not want to work directly with the Municipality given their historical payment disagreements hence the withdrawal of their Deviation as no service was rendered, therefore no expenditure would be incurred. All the required documents were approved by the accounting officer hence they were reported to BTO Portfolio Committee on the 18th April 2017 as part of Deviations for March 2017. It should be noted that the deviation was done on an emergency basis to replace Plantor Engineering & projects services as stated in the reasons for appointment of Tutuka Electrical Contractor.

AGENDA: COUNCIL: 25 APRIL 2017

This item served before the Mayoral Committee on the 19 April 2017 and the following recommendations were made:

RECOMMENDED:

ACTION

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 2017 be noted. All
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 by the public. BTO

Annexure A

NO	REASON FOR DEVIATION	VENUE/AREA WHERE SERVICE WAS RENDERED	ROOT CAUSE	DESCRIPTION FOR SERVICE PROVIDED	SUPPLIER	DIRECTORATE	AMOUNT VAT INCL	DATE
36	Emergency because of natural disaster	Displaced Boshoeek Community	Floods	Disaster relief	Nokwane hiring services	Public Safety: Disaster management	R27 417.00	02/03/2017
37	Exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy because of natural disaster	Ben Marais Catering for Displaced Community	Floods	Disaster relief	Martha's catering	Public Safety: Disaster management	R18 000.00	02/03/2017
38	Exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy	Waterval Landfill Sites	Compliance with the Environmental Authorities on permit conditions and curbing of Vandalism of the site. The bid is still in the Committee Processes	Maintenance of the Waterval landfill site	Interwaste Environmental Solution	DCD: Environment	R854379.70 per month exc vat x 6 months = R5 126278.20	25/10/2016

39	Emergency (not because of poor planning)	Boitekong Extensions	Vandalized hydraulic pressure valves	Repair of vandalized hydraulic pressure valves	J and S Valves & Plant Hire CC	DTIS: WATER	R 177 667.86	07/03/2017
40	Emergency (not because of poor planning)	Rustenburg Local Municipality Vehicles	Non- Payment of the outstanding amount for fuel and monitoring services	Supply of on road fuel installation of vehicle monitoring system and integrated management system	Fleet data Technologies and Transit Solution	DTIS: Vehicle workshop	R6 000 000.00	09/03/2017
41	Exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy	Civic Center	Malfunctioning of the Compressors which posed a threat to the electrical panel	Repair of chiller plant	C+ M (Pty) Ltd Air Conditioning	DTIS: mechanical unit	R142 158.00	09/03/2017
42	Exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy	Rustenburg Local Municipality	The current service provider gave lots of estimates which caused lots of customer dissatisfaction, the Municipality resolved to read the meters using internal means	Software together with the meter reading gadgets for internal meter reading services (Once off Purchase)	Consolidated African Technologies	BTO: Billing	R784 576.50	13/03/2017

43	Emergency (not because of poor planning) caused by natural disaster	Samancor; Waterval Mine; Salvanaiaj Millcell; Bayers Naude Von Wiefeligh Industries	whist complying with reduction for use of consultants. Heavy rains and floods within the Rustenburg areas	Test and locate the cable faults Excavate and TReach for cable repair with necessary plant, machinery and equipment (TLB or Tractor);MV Cable repair(Jointing) Backfilling with supply of soft soil to avoid cable damaging; Road crossing and driveways where required; Supply of joints at market related prices.	Tutuka Electrical Contractor	DTIS: Electrical	R100 000.00	29/03/2017
44	Emergency (not because of poor planning)	Samancor; Waterval Mine; Salvanaiaj Millcell; Bayers Naude Industries	Heavy rains and floods within the Rustenburg areas	Test and locate the cable faults Excavate and Trench for cable repair with necessary plant, machinery and	Plantor Engineering & projects services	DTIS: Electrical	R300 000.00	29/03/2017

