

AGENDA: COUNCIL: 27 MARCH 2018

78. SUPPLY CHAIN MANAGEMENT: APPROVED DEVIATIONS FOR OCTOBER 2017 TO JANUARY 2018

(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 October 2017 to January 2018

3. EXECUTIVE SUMMARY

Paragraph 36(2) of the Municipal Finance Management Act (MFMA) 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 Finance Management Act (MFMA) 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. DISCUSSION

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.

The approved total number of deviations for the month of October 2017 is standing at eleven (11) amounting to **R 3 989 389.32** see the attached **annexure A** for detailed line items.

Below is the spending per directorate:

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Technical & Infrastructure Services	R1 996 853.01
Community Development	R 714 492.00
Office of the Municipal Manager	R 19 887.00
Corporate Support	R 1 241 846.98
Public Safety	R16 310.33

--- **R 3 989 389.32** The approved total number of deviations for the month of November 2017 is standing at ten (10) amounting to **R 3 944 439.05** see the attached **Annexure A (Pages 376 - 382)** for detailed line items.

Below is the spending per directorate:

Corporate Support	R 2 058 254.57
Technical & Infrastructure Services	R1 886 184.48
	<u>R 3 944 439.05</u>

The approved total number of deviations for the month of December 2017 is standing at six (6) amounting to **R 11 863 984.23** see the attached **annexure A** for detailed line items.

Below is the spending per directorate:

Corporate Support	R 132 903.04
Community Development	R 390 144.99
Technical & Infrastructure Services	R 11 340 936.20
	<u>R11 863 984.23</u>

The approved total number of deviations for the month of January 2018 is standing at three (03) amounting to **R 3 551 678.55** see the attached **annexure A** for detailed line items.

Below is the spending per directorate:

Corporate Support	R 1 771 626.77
Budget and Treasury Office	R596 655.02
Community Development	R1 183 396.76
	<u>R 3 551 678.55</u>

5. LEGAL COMMENTS

Regulations 36 of the Municipal Finance Management Act 56 of 2003 (MFMA) regulates deviations and it can be summarized as follows:

- 5.1 Deviations by nature demand that there must be an emergency and such emergency would not have been avoided.
 - 5.2. Secondly, the service sought to be procured must be provided by a sole provider and/or the service to be procured should be for special art works or historical object and/or zoo animals.
- 6 In terms of Regulations 6(1) of the Local Government: Municipal Finance Management Act 56 of 2003, Municipal Council must maintain oversight over the implementation of its Supply Chain Management Policy.
7. By virtue of Regulation 36(2), the Accounting Officer must record the reasons for any deviation and report the deviations to the next meeting of the Council. She is obligated to include those notes in the annual financial statements. Regulation 6(4) further requires 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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8. The Accounting Officer has tabled items and reasons for deviations. It is for Council to note and subject the reasons and the report to the public as prescribed by Regulation 6 (4) of the MFMA Regulations.

9. CONCLUSION

Suitable Planning has to improve from the Directorates to avoid unnecessary deviations as this reflects unfavourably to the Municipality with regard to compliance with the SCM policy. Total amount for the deviation from October 2017-January 2018 **R23 349 491.15**

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This item served before the Mayoral Committee on the 15 March 2018 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 October 2017 to January 2018 be noted; | BTO |
| 2. That the report be forwarded to the Provincial Treasury and National Treasury as per MFMA; | BTO |
| 3. That the Accounting 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 |
| 4. That a report detailing measures in place to reduce deviations be submitted in the next council sitting. | BTO |
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REASON FOR DEVIATION	VENUE/AREA WHERE SERVICE WAS RENDERED	ROOT CAUSE	DESCRIPTION FOR SERVICE PROVIDED	SUPPLIER	DIRECTORATE	AMOUNT (VAT INCL)	DATE	
OCTOBER 2017								
26	Emergency (Not as result of poor planning)	Substation and mini sub in the Rustenburg surrounding areas (Park-munic, Park-Boschdal, Park-Donkerhoek, industries-Choppies RMU, Ferrow T3, Kragkop-Chimley, Ferrow RM6 and Bravo-Mangaan M/S 3)	The tender had lapsed.	Supply of Electrical Cable Joints	Keens Electrical	Technical and Infrastructure Services-Electrical Department	R666 562.00	04/10/2017
27	Produced or Available from a single provider only	Project Management Unit	Training for Civil engineers	Conference on Municipal Administration	Institute of Municipal Engineering of Southern Africa	Municipal Manager- PMU	R19 887.00	03/10/2017
28	Exceptional case where it is impractical or impossible to follow the	The whole municipality	Tender for an advertising agency had lapsed.	Advertising of Vacancies, the new Contract has been appointed. This was the last	Kone Staffing Solution	Corporate Support Services - HR	R 152 832.96	06/10/2017

Supply Chain Management Policy	The whole municipality	Tender for ICT had lapsed	deviation of this sort in the next three years.	Service Integration	Corporate Support Services- IT	R 987 891.46	04/10/2017
29 Emergency (Not as result of poor planning)	The whole municipality	Tender for ICT had lapsed	ICT Network System Maintenance.	Service Integration	Corporate Support Services- IT	R 987 891.46	04/10/2017
30 Emergency (Not as result of poor planning) Exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy	Waterval LandFill Site	Collection of gate fee revenue.	Software Installation At The Waterval LandFill Site for Weighbridge optimal functioning as part of the Revenue Enhancement.	Khabokedi Waste Management	Community Development- Waste Management	R 335 961.00	12/10/2017
31 Emergency (Not as result of poor planning)	Missionary Mpheni House	Emergency Building Maintenance	Galvanized or Steel Pipes for Reline	Drain Surgeon PTY LTD	Community Development- Civil facilities	R 178 980.00	11/10/2017
32 Produced or Available from a single provider only	Public safety	Truvelo is the supplier for the speed camaras	Maintenance of speed camaras	Truvelo Manufacture(Pty) Ltd	Public Safety	R 7 840.33	19/10/2017
33 Produced or Available from a single provider only	Public safety	Workshop	Annual Licence Fee For Training centers that are affiliated to	Southern African Service Institute	Public Safety	R 8 470.00	19/10/2017

						south African emergency service institute									
34	Emergency (Not as result of poor planning)	The whole municipality	ICT tender had elapsed	Mayoral BLITZ	Purchasing Of Licence For External Emails	Layer 3 Telecom	Corporate Support Services	R101 122.56							24/10/2017
35	Exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy	The whole municipality	Mayoral BLITZ	Tools for the Service Delivery Blitz. (Tree Pruners and Chainsaws)	Motema Holding		Community Development - Parks	R 199 551.00							26/05/2017
36	Exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy	Lethabong	Tender had elapsed	Prepaid Meters In Lethabong	Lesira Teq		Technical and Infrastructure Services- Water	R1 330 291.01							13/10/2017
NOVEMBER 2017															
37	Emergency (Not as result of poor planning)	The whole Rustenburg	Leasing and maintenance of printers has expired	Printing machines	Consensus computing		DCS-IT	R2 001 870.11							24/10/2017
38	Exceptional case where it is impractical or impossible to	The whole Rustenburg Municipality	Director to undergo competency assessment	Qualification assessment (Directors)	Gijima		DCS-HR	R28 896.00							06/11/2017

	follow the supply chain management policy											
39	Exceptional case where it is impractical or impossible to follow the supply chain management policy	The whole Rustenburg Municipality	Unit managers verification	Qualification assessment (Unit managers)	Management Integrity Evaluation PTY	DCS-IT	R13 040.46	06/11/2017				
40	Exceptional case where it is impractical or impossible to follow the supply chain management policy and Emergency (Not as result of poor planning)	Sunrise Park	Illegal connection of electricity in informal settlement creating health and safety to personnel	Repair of electricity	Tutuka Electrical Contractors	DTIS-Electrical	R183 399.78	16/10/2017				
41	Exceptional case where it is impractical or impossible to follow the supply chain management policy	The whole Rustenburg	Power outage interview	Broadcasting	North West FM	DTIS-Electrical	R30 000.00	25/10/2017				

	and Emergency (Not as result of poor planning)								
42	Exceptional case where it is impractical or impossible to follow the supply chain management policy and Emergency (Not as result of poor planning)	The whole Rustenburg Municipality	Shortage of fleet to deliver services to the community	Service delivery Blitz programme	Marata go Bonwa	DTIS- Water	R662 112.00	18/11/2017	
43	Exceptional case where it is impractical or impossible to follow the supply chain management policy	The whole Rustenburg Municipality	Competency Assessment for selection purpose	Competency Assessment for selection purpose for Director DTIS	Gijima	DCS-HR	R14 448.00	22/11/2017	
44	Produced or Available from a single provider only	Waste Department	Proper use of sweeper	Training for street sweepers	600 SA	DTIS-Mechanical	R6 127.50	22/11/2017	
45	Exceptional case where it is	The whole Rustenburg	Electrical network under	Repair of joints					

46	Emergency (Not as result of poor planning)	Marikana RDP	Sewer spillages due to pump outfall sewer line draining to treatment works	Dosing of microbial bioformulation	Natural Eco Solution	DTIS-Sanitation	R266 235.60	10/11/2017
47	Produced or available from a single provider only	Missionary Mpheni house (records Office)	Export of data from old system of Dr Doc to the new system	Dr Doc System data	Delta link Consulting	DCS – Support services	R132 903.94	29/11/2017
48	Emergency (Not as result of poor planning).	Missionary Mpheni House	Maintenance and upgrade	Maintenance and upgrade of galvanized pipes for storm water pipes.	Drain Surgeon	DCD – Civil Facilities	R347 044.99	06/12/2017
49	Exceptional case where it is impractical or impossible to follow the Supply Chain Management	Vehicle workshop	Repair of jet cleaner for engineering conversion & reinstatement of vacuum system	Re-instate high pressure jetting system	K & D Mine Suppliers (PTY) Ltd	DTIS – Vehicle workshop	R928 103.31	08/12/2017

DECEMBER 2017

	Policy								
50	Exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy	The whole municipality vehicles	Petrol stations(Engen)	Fuel services & Supply	Fleet Data Technologies & Transit Solutions (AFS Group)	DTIS – Vehicle workshop	R10 000 000.00	08/12/2017	
51	Emergency (Not as result of poor planning).	Civic Centre	Sound Audio	Installation & repair of audio visual	Matika Productions (PTY) Ltd	DCD: Civic Centre	R43 100.00	06/12/2017	
52	Emergency (Not as result of poor planning).	Half a million Reservoir	Servicing of a control Valve	Servicing 200MM altitude level valve	J & S Valves & plant cc	DTIS – Water	R310 204.85	18/12/2017	
53	Emergency (Not as result of poor planning).	Marikana & Bokamoso Reservoir	Servicing of a control Valve	Servicing 150MM altitude level valve	J & S Valves & plant cc	DTIS – Water	R102 628.04	21/12/2017	
JANUARY 2018									
54	Emergency (Not as result of poor planning)	The whole Rustenburg Municipality	Leasing and maintenance of printers has expired	Printing machines	Consensus computing	DCS- IT	December (R 1 024 472.94) January (R 747 153.83)	09/01/2018	
55	Exceptional case where it is impractical or impossible to follow the	The whole Rustenburg Municipality	Payment for storing historical data (PROMIS)	Qualification assessment (Directors)	Fujitsu	BTO	R 596 655.02	22/01/2018	

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