

245. **SUPPLY CHAIN MANAGEMENT: APPROVED DEVIATIONS FOR APRIL, MAY & JUNE 2018**

(Directorate: Budget and Treasury) (VM)

PURPOSE OF THE REPORT

The purpose of the report is to report on the deviations approved by the accounting officer in terms of the Rustenburg Local Municipality's (RLM) Supply Chain Management Policy (SCM) for the fourth quarter of 2017/18 Financial year.

RESOLVED:

ACTION

- | | |
|---|-----|
| 1. That the list of deviations approved by the accounting officer on Grounds as specified by Regulation 36(1) of the MFMA Regulations and/or the SCM Policy for the fourth quarter of 2017/18 Financial Year is noted; | ALL |
| 2. That the report be forwarded to the Provincial Treasury and National Treasury as per MFMA; | ALL |
| 3. That the Municipal Manager, 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; | ALL |
| 4. That a report on the deviations which meet the requirements of Council be submitted at the next Council meeting in November 2018. | BTO |

246. **UNAUTHORIZED EXPENDITURE 2011-15 BALANCES**

(Budget and Treasury Office) (VM)

PURPOSE OF THE REPORT

The report is submitted to Council for authorization via an adjustment budget in terms of section 28 of the MFMA read with the Municipal Budget and Reporting Regulations as identified from 2011-15 financial years subsequent to restating the unauthorized expenditure opening balances in 2014/15 financial year.

RESOLVED

ACTION

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|---|-----|
| 1. That the report is noted; | ALL |
| 2. That the Municipal Public Accounts Committee considered information provided by Budget and Treasury; | CC |
| 3. That the expenditure relating to provisions be authorised | CC |

3.1 (2011/12: R428 706 754)
3.2 (2012/13 R356 872 973)

SSK

SUPPLY CHAIN MANAGEMENT: APPROVED DEVIATIONS FOR APRIL MAY & JUNE 2018

Budget and Treasury Office)

(VM)

DATE TYPED	05 September 2018
TYPYST	Vivian Mdhluhi

NR	
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SAVED IN SHARE:

ATTENTION	INSTRUCTIONS	INSTRUCTION		FINALIZED	
		BY	DATE	BY	DATE
1.					
2.					

ITEM FOR PORTFOLIO:

ATTENTION	INSTRUCTIONS	INSTRUCTION		FINALIZED	
		BY	DATE	BY	DATE
1.					
2.					

OFFICIALS	DIRECTOR	MMC
	<i>emoli</i>	<i>la</i> 11/09/18


ITEM NR.	DELEGATION	MEETING DATE	
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TYPYST: _____

DATE: _____

ITEMS FOR MAYORAL COMMITTEE:

ATTENTION	INSTRUCTIONS	INSTRUCTION		FINALIZED	
		BY	DATE	BY	DATE
1.					
2.					

UNIT ADMIN SUPPORT	APPROVED	APPROVAL MUNICIPAL MANAGER
		

ITEM NR	42
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DELEGATION	
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DATE OF MEETING: 14 SEP 2018

TYPYST: JEANETTE

DATE: 11 SEP 2018

SUPPLY CHAIN MANAGEMENT: APPROVED DEVIATIONS FOR APRIL, MAY & JUNE 2018

(Directorate: Budget and Treasury)

(VM)

1. STRATEGIC THRUST

To promote sound financial management and good governance.

2. PURPOSE OF THE REPORT

The purpose of the report is to report on the deviations approved by the accounting officer in terms of the Rustenburg Local Municipality's (RLM) Supply Chain Management Policy (SCM) for the fourth quarter of 2017/18 Financial year.

3. EXECUTIVE SUMMARY

3.1 Clause 36(2) of the MFMA (Municipal Finance Management Act) obligates the accounting officer to record and report all deviations approved as prescribed by clause 36(1) (a) and (b) of the SCM policy.

4. DISCUSSION

4.1 The Municipal Manager exercised her legislative powers to approve the corporate support and community development deviations. The deviations were necessitated by emergency circumstances which would not be avoided. These deviations were used to procure support material which would enable the municipality to reach its basic service delivery objective as prescribed by section 152 of the Constitution.

4.2 The municipality could not avoid incurring expenses in relation to these services. The procurement was not because of poor planning or any related negligence, but it was necessitated by emergency and such emergency could not be avoided.

4.3 There was a total of nine (09) deviations approved for the month of **April 2018** amounting to **Five Million, Three Hundred and Forty Five Thousand, Eight Hundred and Twenty One Rand Seventy Seven Cents (R5 345 821.77)**

Below are the spending Directorates:

Directorate Public Safety	R 25 668.00
Directorate Community Development	R 500 000.00
Directorate Technical Infrastructure Services	R 863 734.15
Directorate Corporate Support	R1 707 364.62
Budget and Treasury Office	R2 249 055.00

- 4.3.1 There was a total of four (04) deviations approved for the month of **May 2018** amounting to **Six Hundred and Ten Thousand, One Hundred and Eighty Six rand only (R610 186.00)**

Below are the spending Directorates:

Directorate Public Safety	R 25 875.00
Directorate Technical Infrastructure Services	R 204 125.00
Office of the Municipal Manager	R 4 100.00
Budget and Treasury Office	R 376 086.00

- 4.3.2 There was a total of Eight (08) deviations approved for the month of **June 2018** amounting to **R1 617 121.24 (One Million, Six Hundred and Seventeen Thousand, One Hundred and Twenty One Rand Twenty Four cents)** except the deviation of ongoing case.

Below are the spending Directorates:

Directorate Technical Infrastructure Services	R901 414.27
Budget and Treasury Office	R5 000.00
Directorate Corporate Support	R 687 406,97
Office of the Municipal Manager	R23 300.00 The total amount of the spending on this directorate cannot be determined because, one of the deviation has ongoing case

5. LEGAL COMMENTS: DEVIATIONS

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.

5.3 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.

5.4 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.

5.5 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.

6. CONCLUSION

It is acknowledged that better planning can and will ensure that deviations are approved by the Accounting Officer. It is also acknowledged that emergency circumstances arise and such circumstances has to be dealt with to enable the Accounting Officer to fulfil her performance obligations but to also achieve the Municipal Objectives as prescribed by section 152 of the Constitution. Total amount for the deviation from April to June 2018 is **R7 573 129.01 (Seven Million, Five Hundred and Seventy Three Thousand, One Hundred and Twenty Nine Rand One Cent)** except the deviation of ongoing case

7. RECOMMENDED

ACTION

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| 7.1 That the list of deviations approved by the accounting officer on Grounds as specified by Regulation 36(1) of the MFMA Regulations and/or the SCM Policy for the fourth quarter of 2017/18 Financial Year be noted. | ALL |
| 7.2 That the report be forwarded to the Provincial Treasury and National Treasury as per MFMA. | ALL |
| 7.3 That the Municipal Manager, 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. | ALL |

APRIL 18

NO	REASON FOR DEVIATION	VENUE/AREA WHERE SERVICE WAS RENDERED	ROOT CAUSE	DESCRIPTION FOR SERVICE PROVIDED	SUPPLIER	DIRECTORATE	AMOUNT INCLUDING VAT	DATE
79	Produced or available from a single provider only	The whole municipality	The service is done by a sole provider	Skills Training	Skills Training Distribution	DPS	R25 668,00	09/04/2018
80	Emergency (not as a result of poor planning)	The whole municipality	There is no capital budget	Supply and delivery of grass cutters	Buco T/A Iliad and Turtrack CC T/A Reivilo Services	DCD	R500 000,00	06/03/2018
	Exceptional case where it is impractical or impossible to follow the SCM Policy							
81	Emergency (not as a result of poor planning)	The whole municipality	The Municipality is in the process of acquiring fleet through TR57 through National Treasury	Fleet Management	Marata Go Bonwa	DTIS	R662 112,00	27/03/2018
	Exceptional case where it is impractical or impossible to follow the SCM Policy							
82	Exceptional case where it is impractical or impossible to follow the SCM Policy	The whole municipality	The company has the knowledge for the system	Promis rollback	TPMVCO	BTO	R1 145 055,00	25/04/2018
	Emergency (not as a result of poor planning)							
83	Exceptional case where it is impractical or impossible to follow the SCM Policy	The whole municipality	The company has the knowledge for the system	Promis rollback	CAMAP Technologies	BTO	R1 104 000,00	26/04/2018
	Emergency (not as a result of poor planning)							
84	Emergency (not as a result of poor planning)	The whole municipality	The matter is under litigation	Printing solution	Consensus	DCS	R1 363 595,71	28/04/2018

85	Emergency (not as a result of poor planning)	The whole municipality	Support and maintenance of the network infrastructure	Maintenance of network infrastructure	Service Integration	DCS	R343 768,91	09/03/2018
86	Produced or available from a single source	The whole municipality	Servicing of load management system	Load management System	Farad Pty LTD	DTIS	R25 584,05	16/04/2018
87	Exceptional case where it is impractical or impossible to follow the SCM Policy	The whole municipality	The supplier installed the initial prepaid water meters	Water meters	Lesira Teq PTY LTD	DTIS	R176 038,10	29/03/2018

MAY 18

NO	REASON FOR DEVIATION	VENUE/AREA WHERE SERVICE WAS RENDERED	ROOT CAUSE	DESCRIPTION FOR SERVICE PROVIDED	SUPPLIER	DIRECTORATE	AMOUNT INCLUDING VAT	DATE
88	Emergency (not as a result of poor planning) Exceptional case where it is impractical or impossible to follow the SCM Policy	The whole municipality	The Municipality's Jet cleaner has gone for repairs and there's a current need for the cleaning of blockages	Supply and delivery of a Jet cleaner	Averda South Africa	DTIS	R204 125,00	02/05/2018
89	Exceptional case where it is impractical or impossible to follow the SCM Policy	The whole municipality	License fees for new procured meter reading System	License fees for meter reading services	Consolidated African Technologies	BTO	R376 086,00	02/05/2018
90	Produced or available from a single source	The whole municipality	Attending a forum	Networking forum - Internal Audit	Institute of Internal Audit	OMMM	R4 100,00	23/05/2018
91	Produced or available from a single source	The whole municipality	Three safety officers needed to attend capacity development training (SHEQ Management)	Providing of training	Istec Safety-	DPS	R25 875,00	23/05/2018

JUNE 18

NO	REASON FOR DEVIATION	VENUE/AREA WHERE SERVICE WAS RENDERED	ROOT CAUSE	DESCRIPTION FOR SERVICE PROVIDED	SUPPLIER	DIRECTORATE	AMOUNT INCLUDING VAT	DATE
92	Emergency (not as a result of poor planning)	The whole municipality	The municipality is undergoing a process of entering into a transversal contract	Fleet management	Loapi Investments	DTIS	Rates as when needed for the period of two months (April & May 2018)	30/03/2018
	Exceptional case where it is impractical or impossible to follow the SCM Policy							
93	Exceptional case where it is impractical or impossible to follow the SCM Policy	The whole municipality	There is an ongoing case that is on an advance stage and the Attorney that started the case is not in the current panel	Legal Representation	Du Plessis & Van Der Westhuizen, Vere Attorneys, Nyapoiise Attorneys and Mazambane Attorneys	OMM	The amount cannot be determined before the case is completed	08/06/2018
94	Produced or available from a single provider	The whole municipality	There is a need to attend the conference	SALGA conference	SALGA	BTO	R5 000,00	07/06/2018
95	Emergency (not as a result of poor planning)	The whole municipality	electricity outages	Repair of the Electrical test machine	H.V Test	DTIS	R407 794.27	22/06/2018
	Produced or available from a single provider							
96	Emergency (not as a result of poor planning)	The whole municipality	The municipality is in the process of obtaining fleet through RT57	Fleet management	Loapi Investments	DTIS	Rates as when needed for the month of June 2018	31/05/2018
	Exceptional case where it is impractical or impossible to follow the SCM Policy							

97	Emergency (not as a result of poor planning)	The whole municipality	The tender has been advertised twice in the financial year with no success	Maintenance of the network infrastructure	Service Intergration	DCS	R687 406,97	04/05/2018
98	Emergency (not as a result of poor planning)	The whole municipality	Integration of the call center and data cleansing	system integration	IMQS SOFTWARE	DTIS	R493 620,00	12/10/2017
	Produced or available from a single provider							
99	Emergency (not as a result of poor planning)	The whole municipality	Attending a conference	Conference	IMESA	OMM	R23 300,00	16/10/2017
	Produced or available from a single provider							