

**FIRST QUARTER: SUPPLY CHAIN MANAGEMENT: APPROVED DEVIATIONS FOR JULY, AUGUST AND SEPTEMBER 2018**

Budget and Treasury Office)

(SM)

DATE TYPED	29 October 2018
TYPIST	Sam Makhura

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>enei</i>	<i>[Signature]</i> 30/10/18

ITEM NR.	DELEGATION	MEETING DATE	09/11/2018
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TYPIST: *Heleboyle* DATE: 2/11/18

ITEMS FOR MAYORAL COMMITTEE:

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

UNIT ADMIN SUPPORT	APPROVED	APPROVAL MUNICIPAL MANAGER
		<i>[Signature]</i>

ITEM NR	327 (314)	DELEGATION
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DATE OF MEETING: \_\_\_\_\_

TYPIST: \_\_\_\_\_

DATE: \_\_\_\_\_

*Item approved*

**FIRST QUARTER: SUPPLY CHAIN MANAGEMENT: APPROVED DEVIATIONS FOR JULY, AUGUST AND SEPTEMBER 2018**

(Directorate: Budget and Treasury)

(SM)

**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 first 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 we 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.

4.2.1. There was a total of two (02) deviations approved for the month of **July 2018** amounting to **One hundred and thirty-one thousand and thirteen rand thirteen cents (R131 013.13)**.

4.2.2.

Below are the spending Directorates:

Budget and Treasury Office	R123 513.45
Directorate Corporate Support	R7 499.68

4.2.3. There was a total of one (01) deviation approved for the month of **August 2018** amounting to **Twenty thousand, eight hundred and fifty rand (R20 850.00)**.

Below are the spending Directorates:

Directorate Community Development	R20 850.00
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4.2.4. There were no deviations approved for the month of **September 2018**.

## 5. LEGISLATION

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 July to September 2018 is **R151 863.13 (One hundred and fifty one thousand, eight hundred and sixty three rand, thirteen cents)**

## 7. RECOMMENDATIONS:

### 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 first quarter of 2018/19 Financial Year be noted.       | CC  |
| 7.2. That the report be forwarded to the Provincial Treasury and National Treasury as per MFMA.   | OMM |
| 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. | OMM |

JULY

NO	REASON FOR DEVIATION	VENUE/AREA WHERE SERVICE WAS RENDERED	ROOT CAUSE	DESCRIPTION FOR SERVICE PROVIDED	SUPPLIER	DIRECTORATE	AMOUNT (VAT INCL)	DATE
1	Exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy Produced or unavailable from a single provider only	The whole municipality	Compliance with GRAP	Valuation of employee benefits	ARCH Acturial Consulting	BTO	R25 300.00	29/06/2018
2	Produced or unavailable from a single provider only	The whole municipality	The existing software is from Adapt IT, and therefore the licence can only be renewed with AdaptIT	Purchase of Financial reporting licence	AdaptIT	BTO	R98 213.45	29/06/2018
3	Exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy Produced or unavailable from a single provider only	The whole municipality	New employees are appointed and require to be vetted	vetting services	Managed Integrity Evaluation	DCS	R7 499.68	20/07/2018
							R131 013.13	

**AUGUST**

NO	REASON FOR DEVIATION	VENUE/AREA WHERE SERVICE WAS RENDERED	ROOT CAUSE	DESCRIPTION FOR SERVICE PROVIDED	SUPPLIER	DIRECTORATE	AMOUNT (VAT INCL)	DATE
4	Exceptional case where it is impractical or impossible to follow the Supply Chain Management Policy	The whole municipality	Contract for assessment expired in December and has not been renewed	New senior managers assessment	Gijima Holdings	DCS	R20 850.00	15/08/2018
							R20 850.00	

**SEPTEMBER**

NO	REASON FOR DEVIATION	VENUE/AREA WHERE SERVICE WAS RENDERED	ROOT CAUSE	DESCRIPTION FOR SERVICE PROVIDED	SUPPLIER	DIRECTORATE	AMOUNT (VAT INCL)	DATE
				NONE				