

249. **SUPPLY CHAIN MANAGEMENT: APPROVED DEVIATIONS FOR FINANCIAL YEAR 2018/19**

(Directorate: Budget and Treasury)

**1. STRATEGIC THRUST**

The Rustenburg Local Municipality has adopted amongst others “To ensure sustainable municipal financial viability and management including good governance and public participation.”

**2. PURPOSE OF THE REPORT**

The purpose of the item 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 Financial year 2018/19.

**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 deviations from the Directorate Budget and Treasury, Directorate Community Development, Directorate Planning Human settlement, Office of the Speaker, Office of the municipal manager, Directorate Technical and Infrastructural Services, Directorate Road and Transport, directorate Corporate Support and Directorate Public Safety. 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.

4.3 There was a total of Forty-Seven (47) deviation approved for the Financial year 2018/19 amounting to **R 25 431 985.43** Below are the spending Directorates:

Directorate Budget and Treasury Office	R 11 211 033.45
Directorate Community Development	R 537 599.72
Directorate Planning and Human settlement	R 449 500.00
Office of the Speaker	R 84 936.00
Office Municipal Manager	R 498 140.00
Directorate Technical and Infrastructural services	R 280 301.80
Directorate Road and Transport	R 5 462 058.30
Directorate Corporate Support	R 2 692 438.22
Directorate Public Safety	R 4 215 977.94
<b>TOTAL</b>	<b>R25 431 985.43</b>

## 5. FINANCIAL IMPLICATION

The project will be funded from the following MSCOA vote numbers with the following available Budget

<u>DEVAITION NUMBER</u>	<u>DIRECTORATE</u>	<u>DESCRIPTION FOR SERVICE PROVIDED</u>	<u>VOTE NUMBER</u>	<u>AVAILABLE BUDGET</u>
1	Budget and treasury office	Valuation of employee benefits	011204003071	R 90 952 .49
2	Budget and treasury office	Purchase of Financial reporting license	011204006057	R 288 782.82
3	Directorate corporate Support Services	vetting services	O0001/IE00757/F2 496/X051/R0332/0 01	R 444 547.02
4	Directorate corporate Support Services	New senior managers assessment	O0001/IE00757/F2 496/X051/R0332/0 01	R 444 547.02
5	Budget and treasury office	Sending bulk smses to consumers	O0001/IE00651/F2 496/X116/R0332/0 01/335	R 1 000 000.00
6	Office of Speaker	Accommodation	O0001/IE00060/F2 496/X044/R0332/0 01/002	R 600 000.00
7	Directorate corporate Support	Supply and delivery of ICT hardware components	O0001/IE00738/F2 496/X052/R0332/0 01/015	R 470 000.00
8	Directorate Planning and Human Settlement	Registration fee	O0001/IE00143/F2 496/X101/R0332/0 01/156	R 15 000.00
9	Directorate corporate Support	Registration fee	O0001/IE00060/F2 496/X046/R0332/0 01/020	R 15 000.00
10	Directorate Roads and transport	Supply of hot and cold premix	O0001/IE00651/F2 496/X116/R0332/0 01/335	R 14 546 050.00
11	Budget and treasury office	Administer the Promis parallel run	O0001/IE00835/F2 496/X048/R0333/0 01/080	R 4 152 651.22
12	Office of the Municipal Manager	Flight rates and accommodation	O0001/IE00060/F2 496/X044/R0333/0 01/007	R 81 720.00
13	Directorate Roads and transport	Installation of dura bump traffic calming measures	O0001/IE00534/F1 190/X115/R0332/0 01/270	R 1 000 000.00

14	Directorate Corporate support	New senior managers assessment	O000/IE00757/F2496/X051/R0332/001/015	R 444 547.02
15	Office of the Municipal Manager	Providing the municipality with a MSCOA financial system	O0001/IE00792/F2496/X048/R0333/001/080	R 24 000 000.00
16	Directorate Corporate support	Support and maintenance of the network infrastructure	O0001/IE00650/F2496/X052/R0333/001/015	R - 432 383.95
17	Directorate technical and infrastructure	Hiring of a jet cleaning unit to clear all the blockages	O0001/IE00651/F0931/X139/R0333/001/345	R 3 409 444.18
18	Directorate Corporate support	New Payroll system by Sage 300	O0001/IE00835/F2496/X048/R0333/001/080	R 4 152 651.22
19	Directorate Community development	Repair of leaking sewerage pipe lines and joints	O0001/IE00649/F2496/X055/R0332/001/305	R 1 594 995.29
20	Directorate Corporate support services	ICT Infrastructure management services	O1554-1/IE00650/F2496/X052/R0333/001/015	R 3 506 565.40
21	Directorate Technical Infrastructural Services	Providing the municipality with the service of repairing 33kv substation	014101006619	R 60 000 000.00
22	Directorate Community Development	Extensions of Monnakato, Phatsima and East End Libraries	C0231-3/IA00072/F2199/X006/R0333/001/215	R 245 473.00
23	Directorate Community Development	Consulting Engineers	C0231-3/IA00072/F2199/X006/R0333/001/215	R 245 473.00
24	Directorate corporate support services	Data protection and Data Backup	O0001/IE00738/F2496/X052/R0332/001/305	R 157 430.00
25	Budget and Treasury	Professional Consultant	O0001/E00835/F2496/X048/R0333/001/070	R17 436 011.00

26	Directorate Technical & infrastructure Service, Directorate Community Development and Directorate Roads and Storm water Services	Hiring of Plant Hire	O0001/E00675/F2496/X004/R0333/001/345, O2410-1/E00651/F0931/X139/R0333/001/345 and O0001/IE00631/F2496/X045/R0333/001/335	R 305 552.52 R3 69 430.50 R5 100 000.00
27	Directorate Planning and Human settlement	Transportation	O0001/IE00703/F2496/X101/R3541/001/155	R 440 000.00
28	Office of the Municipal manager	Security services	O0001/IE00698/F2496/X109/R0333/001/130	R6 939 315.58
29	Directorate Public Safety	Security services	O0001/IE00698/F2496/X109/R0333/001/130	R6 939 315.58
30	Directorate Budget and Treasury Office	The internalisation of meter reading function	O0001/IE00835/F2496/X048/R0333/001/080	R 3 301 305.36
31	Budget and Treasury Office	Meter reading licenses	011203003211	R 1 781 352.88
32	Directorate Corporate Support	Microsoft software	O0001IE00808/F0041/X052/R0333/001/015	R 1 123 599.00
33	Budget and Treasury Office	System Parallel Run	O0001/IE00835/F2496/X048/R0333/001/080	R 3 301 305.36
34	Corporate Support	Information Communication Technology	O1554-1/IE00650/F2496/X052/R0333/001/015	R 3 506 565.40
35	Public Safety	Calibration	O2392-1/IE00651/F2496/X085/R0333/001/140	R 70 574.34
36	Office of the Municipal Manager	Conference	O0001/IE00059/F2496/X045/R0332//001/011	R 21 083.21
37	Office of the Municipal Manager	IDP master review	O0001/E00671/F2496/X045/R0332/001/012E	R 397 473.00
38	Community Development	Extension of time	O0001/IE00844/F3533/X007/R0333/001/215	R 126 775.00
39	Community Development	Variation	C0069-2/IA06253/F2199/	R 63 618.00

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40	Road and Transport	Removal of asbestos at the taxi rank	O0001/E00534/F11 90/X115/R0332/00 1/270	R 826.260.00
41	Corporate Support	Support and maintenance of Information Communication Technology Infrastructure	O1554- 1/IE00650/F2496/ X052/R0333/001/0 15	R 6 359 907.42
42	Corporate Support	Training of Life guards	O1232- 1/IE00019/F2496/ X051/R0332/001/0 30	R 2 400 000.00
43	Public Safety	Calibration	O2392- 1/E00651/F2496/X 085/R0333/001/14 0	R 50 000.00
44	Budget and treasury	Professional services	O0001/IE00835/F2 496/X048/R0333/0 01/070	R 10 233 855.16
45	Budget and treasury	Professional Consultants	O0001/IE00835/F2 496/X049/R0333/0 01/070	R 0
46	Roads and Transport	Rustenburg Transit	O0001- IE00671/F799/X11 5/R0333/001/270	R 35 000 000.00
47	Budget and Treasury	Automated fuel management	O0001/IE00813/F2 496/X146/R0333/0 01/325	R 3 751 153.30

## 6. **LEGAL IMPLICATIONS**

Regulation 36(2) of the Supply Chain Management Regulations mandates the Accounting Officer to record the reasons for any deviations and report them to the next meeting of the council and include as a note in the Annual Financial Statements.

In the case there is a failure to comply with this statutory requirement this will amount to an irregular expenditure as defined by section 1 of the MFMA

**This item served before the Mayoral Committee on the 08 November 2019 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 by Regulation 36(1) of the MFM Regulations and/or the SCM Policy for the Financial year 2018/19 be noted;                | CC  |
| 2. That the report be forwarded to the Provincial Treasury as per MFMA.  | BTO |
| 3. That the 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 | BTO |

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