

250. **SUPPLY CHAIN MANAGEMENT: APPROVED DEVIATIONS FOR THE PERIOD JULY 2019 TO SEPTEMBER 2019**

(Directorate: Budget and Treasury)

(MR)

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 report is to report to council on the deviations from the procurement processes approved by the accounting officer for the period **July 2019 to September 2019**, in terms of the Rustenburg Local Municipality’s (RLM) Supply Chain Management Policy (SCM) and the Municipal Supply Chain Management Regulations (MSCMR) of the Municipal Financial Management Act 56 of 2003 (MFMA).

3. EXECUTIVE SUMMARY

Regulation 36(2) of the MSCMR requires the accounting officer to record the reasons for any deviations from the procurement process and report the, to the next council and include the note to the annual financial statements.

4. DISCUSSION

Accounting officer exercised legislative powers to approve the deviations from the official procurement process.

- a. The municipality could not avoid incurring these expenses in relation to these services. The deviation was not because of poor planning or any related negligence, but it was necessitated by emergencies, single service provider and were it was impractical to follow the official procurement processes.
- b. Twelve (12) deviations from the normal procurement process of **R30 578 245.17** were approved for the period **July 2019 to September 2019**.
- c. Refer to *Annexure A* for details of the deviations

Below is summary of the deviations per directorates:

Directorate Corporate Support	R 240 683.93
Directorate Budget and Treasury Office	R 9 923 040.80
Directorate Community Development	R 433 447.32
Municipal Public Accounts	R 6037.50
Directorate Technical Infrastructural Services	R 303 910.59
Office of the Executive Mayor	R 50 000.00
Office of the Municipal Manager	R 19 611 125.03

5. FINANCIAL IMPLICATION

The relates project or services procured through deviation were funded from the following budget votes:

<u>DEVAITION NUMBER</u>	<u>DIRECTOR ATE</u>	<u>DESCRIPTIO N FOR SERVICE PROVIDED</u>	<u>VOTE NUMBER</u>	<u>AVAILABLE BUDGET</u>
1	Corporate Support	System parallel run for a payroll system	O0001/IE00786/F2496/X052/R0332/001/015	R 337 080.00
2	Budget and treasury	Annual Financial Statement and Audit Support	O0001/IE00835/F2496/X048/R0333/001/070	R 10 233 855.16
3	Budget and treasury	System parallel run for financial system	O0001/IE008352/F2496/X048/R0333/001/080	R 5 806 330.00
4	Budget and treasury	Maintenance	Funded from UPS Budget	Funded from Various Votes
5	Directorate Community Development	Maintenance of Lifts	O2777-1/IE00649/F2496/X055/R0332/001/305	R 475 507.10
6	Municipal Public Accounts	Refreshments	O1235-1/IE00571/F2496/X044/R0332/001/007	R 112 400.00
7	Technical and Infrastructura l services	Repair and maintenance of municipal vehicles	UPS Budget	Funded from Various Directorates vehicle Votes
8	Community development	Replace audio component in the council chamber	O0001/IE00649/F2496/X336/R0332/001/225	R 297 192.00
9	Directorate Technical and Infrastructure Services, Directorate Community Development, Directorate Public Safety and Directorate Road and Transport	Service and Maintenance of Municipal Vehicles	Funded from UPS Budget	Funded from Various Votes
10	Office of the Municipal Manager	Pilot solar project	C0015-1/IA07020/F0791/X099/R0333/001/018	R 19 611 125.03

11	Directorate Local and Economic Development	Transport for RLM sport and recreational club to Durban	O0001/IE00599/F0045/X044/R0 333/001/04	R 50 000.00
12	Directorate Corporate Support	The Vetting of Employee qualifications	O1300- 1/IE00019/F2496/X051/R0332/ 001/030	R 518 876.77

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 MFMA Regulations and/or the SCM Policy for the Financial year 2018/19 be noted; | CC |
| 2. That the report be made available to the Provincial and Nations 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 by the public. | BTO |
