

## AGENDA: VIRTUAL COUNCIL: 30 MARCH 2021

61. **SUPPLY CHAIN MANAGEMENT: APPROVED DEVIATIONS FOR OCTOBER - DECEMBER 2020**

(Directorate: Budget and Treasury)

(0013566)

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 this report is to report to Council on the deviations from the procurement processes approved by the Accounting Officer for the quarter ending **31 December 2020**, 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.

**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.

Nine and (recurring deviation number 9 from prior year) deviations from the normal procurement process of **R19 368 150.80** were approved for the quarter ending **31 December 2020**.

- b. Refer to *Annexure A* for details of the deviation

**FINANCIAL IMPLICATION**

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

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<u>DEVAITION NUMBER</u>	<u>DIRECTORATE</u>	<u>DESCRIPTION FOR SERVICE PROVIDED</u>	<u>VOTE NUMBER</u>	<u>AVAILABLE BUDGET</u>
03	Budget and Treasury Office	Annual License fee	O0001/E0689/F2496/X049/R0333/001/076	R 2 302 031
04	Directorate Technical and Infrastructure Services	Car tracking systems	Funded from Transport	R5 000 000
05	Directorate Community Development	Maintaining and operating the Waterval landfill site	O0001/IE00579/F2496/X132/R0333/001/360	R 5 200 000
06	Directorate Budget and Treasury	Promis financial system license renewal to access prior years financial data.	O0001/IE00830/F0003-2/X049/R0333/001/070	R 3 000 000
07	Directorate Community Development	Wet waste removal	O0001/IE00695/F2496/X132/R0333/001/360	R 28 000 000
08	Directorate Community Development	Contractor for the upgrading and extension of Boitekong Community Library.	No Financial Implication	No Financial Implication
09	Directorate Community Development	Consultant for the upgrading and extension of Boitekong Community Library.	No Financial Implication	No Financial Implication
10	Directorate Infrastructure and Technical Services	Contractors for electrical labour	O2259-2/IE00681/F0928/X032/R0333/001/310	R6 000 000
11	Directorate Roads and Transport	Consultant for the completion of works (Supervision and Monitoring)	C0120-1A01952-F0796-X115-R0333-270	R17 058 017

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### **4. 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.

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**This item served before the Mayoral Committee:**

**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 2020/21 be noted;                          | CC        |
| 2. | That the report be made available to the National and Provincial Treasuries 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. | MM<br>BTO |

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