D|SM 5/23

MEMORANDUM

Office of the Municipal Manager

To/Aan	**:**	**MUNICIPAL MANAGER**
From/Van	**:**	**Helena Priem**
Job Title/Posbeskrywing	**:**	**Chief Risk Officer**
Date/Datum	**:**	**30 September 2022**
Re /Insake	**:**	**DEVIATION: Investigation into alleged unauthorised, irregular and/or fruitless and wasteful expenditure – ICT Software licenses.**

1. PURPOSE

To obtain approval in terms of Supply Chain Management Policy, to deviate from the official procurement process, 4.36.1(a)(i) and 4.36.1(a)(v).

REASON FOR DEVIATION: (Mark with x where applicable)	
1. Emergency.	
2. Goods or services are produced or available from a single provider.	
3. Acquisition of special works of art or historical objects where specifications are difficult to compile.	
4. Acquisition of animals for zoos and /or nature and game reserves.	
5. Exceptional case and it is impractical or impossible to follow the official procurement processes.	X

2. SUBSTANTIATE WHY SCM PROCESS COULD NOT BE FOLLOWED (TO BE REPORT TO COUNCIL)

In terms of section 32(2)(b) of the MFMA, it is required of a Municipality to recover unauthorised, irregular, or fruitless and wasteful expenditure from the person/s liable for that expenditure unless the expenditure, in the case of irregular or fruitless and wasteful expenditure, is, after investigation by a Council committee, certified by the Council as irrecoverable and written off by the Council.

Due to the seriousness, the amount and the impact of the identified expenditure which is non-compliant as per the Municipal Finance Management Act ("MFMA"), Act No. 56 of 2003 as well as Council approved policies to follow legislated Supply Chain Management Processes will be time consuming and a final report needs to be submitted to the Accounting Officer and Council soonest. It will ensure that the legislated processes are followed so that Council is informed duly, and that the investigation can be concluded in the current financial year.