

ITEM K (01/2009)

Municipal Manager's Report to Council on the Deviation from and ratification of breaches from the Procurement processes for the period ending 31 December 2008 (see annexure A pp1)

PURPOSE

To submit a report to Council on the deviation from procurement processes for the quarter ending 31 December 2008.

BACKGROUND

In terms of Section 36 of the Supply Chain Management Policy: Deviation from, and ratification of minor breaches of, procurement processes:

- (1) *"The accounting officer may –*
- (a) *dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –*
- (i) *in an emergency;*
 - (ii) *if such goods or services are produced or available from a single provider only;*
 - (iii) *for the acquisition of special works of art or historical objects where specifications are difficult to compile;*
 - (iv) *acquisition of animals for zoos and/or nature and game reserves;*
 - (v) *in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and*
- (b) *ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.*
- (2) *The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements."*

Attached as Annexure A (pp1 - 2) please find the instances for the quarter October to December 2008, where the prescribed procurement processes were not followed but approved in terms of the Municipal Manager's delegated powers.

RECOMMENDED TO THE MUNICIPAL COUNCIL:

1. that the Council takes note of the item as per Annexure A (pp1 - 2) where the official procurement processes were dispensed with for reasons as mentioned in the report, with the approval of the Municipal Manager, for the period ending 31 December 2008.
2. that the item in 2 above be included by the Chief Financial Officer as a note to the 2008/2009 annual financial statements.
3. That the process of deviation from official procurement processes, only be resorted to under circumstances of extreme urgency or emergency, and should not be utilized in the normal course of business.

DISPENSING WITH CALLING FOR TENDERS FOR THE PERIOD ENDING 31 DECEMBER 2008:

ANNEXURE A

Department	Description	Reason	Approved Company	Amount
Office of Municipal Manager – Chief Operating Officer	Design, Lay-Out and Publication of 008/09 Financial Reports. this include IDP, Annual Reports, Budget, SDBIP, MTREF.	Public Key Service delivery Documents must be made available in terms of the Municipal Systems Act. Due to the urgent nature of this project, quotations were requested from selected service providers by the Marketing and Communication Section. The recommended service provider was selected due to their experience in this field.	Okusha Designs cc PO Box 1567 Eldorado Park 1813	R 938 596.20 (including VAT)
Infrastructure Services – Electricity Section	Emergency Repairs: Libertas Substation – Faulty 40 MVA Transformer (firm supply)	Cannot risk operating the Libertas substation on a single transformer, therefore the faulty transformer needs to be repaired as a matter of urgency. This work is considered to be of an emergency nature. Calculated loss of income in the event of failure of the remaining transformer is approx. R 1.3 million per month.	LH Martinusen Transformer was manufactured by ABB Powertech – they were not in a position to carry our repairs and recommended the company LHM to do the disassembly and repair.	No indication of the total cost of repairs can be provided at this stage before the full inspection has been carried out by the appointed service provider. A report outlining total cost will be presented once available.
Office of Municipal Manager - PMU	Supply and Installation of the CIMS Project Management software package, to implement the training program and to support and maintain the program for a period of three years.	To elevate project management to a higher level across all service delivery departments within MCLM and to ensure standardized project administration, management and reporting, the PMU recommended the procurement of this software package through the MIG allocation. Gendac is the sole designer, supplier and distributor of the CIMS Project Management system.	Gendac (Pty) Ltd PO Box 281 Persequor Park 0020	R 335 000.00 (excluding VAT) Server, configuration and training. R 17 500 monthly support.
Infrastructure Services – Waste Water Section	Hiring of vacuum tanker services	Mvula Trust was appointed by MCLM for the supply of services in the rural areas. Their contract was terminated in February 2008. A new tender process was embarked upon in April 2008. Tender in final award phase. Quotations were called in the interim. Due to an Escom powercut at Rietvallei pump station – the situation became an emergency	Twin-M Plant Hire cc Poneho Sanitation cc	R 192 125.00 R 104 375.00

		situation.		
Office of Municipal Manager – Chief Operating Officer	Tender MM(COO) 01/2008 Extension of Scope of Work – Business Process Re-engineering Project.	That the scope of work be extended in order to include the facilitation of the implementation of the newly re-engineered IDP business process. The municipality is currently in the process of revising the 08/09 IDP in preparation for the 2009/10 IDP and it is critical that the current IDP implementation process is undertaken using the new IDP business process as a pilot.	Akanani Consulting (Pty) Ltd 526 Constantia Park Midrand 1685	R 272 916.00 (including VAT)
Economic Services	Appointment of Service Providers for the Development of Business Plans and Business Cases for the roll-out of projects for the National Development Partnership Grant (NDPG).	The two recommended service providers have been instrumental in the facilitation of the NDPG application for MCLM. Bigen Africa dealt with Chief Mogale and Gatelapele assisted with Munsieville and Leratong. As part of the requirements from NT, MCLM had until the end of January to compile business plans and business cases. Due to time constraints it was recommended that both companies be appointed to formulate the required business plans and cases due to their intensive knowledge of the projects.	Gatelapele Business Solutions Bigen Africa	Payments to be made directly by National Treasury to the service providers.

