

ITEM (07/2009)

Municipal Manager's Report to Council on the Deviation from and ratification of breaches from the Procurement processes for the period 1 April to 30 June 2009

PURPOSE

To submit a report to Council on the deviation from procurement processes for the quarter ending 30 June 2009.

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 - 3) please find the instances for the quarter April to June 2009 where the prescribed procurement processes were not followed but approved in terms of the Municipal Manager's delegated powers.

RECOMMENDED TO MUNICIPAL COUNCIL:

1. that Council takes note of the item as per Annexure A (pp1 - 4) where the official procurement processes were dispensed with, condonation of expenditure incurred and extension of contracts for reasons as mentioned in the report, with the approval of the Municipal Manager, for the quarter ending 30 June 2009.
2. that the items in 1 above be included by the Chief Financial Officer as a note to the 2008/2009 annual financial statements.

DISPENSING WITH CALLING FOR TENDERS FOR THE PERIOD FROM 1 APRIL TO 30 JUNE 2009:

ANNEXURE A

Department	Description	Reason	Approved Company	Amount
Social Services: Public Safety	Appointment of Red Ant to assist in terms of Land invasions in MCLM on an as and when required basis for the period April 2009 to 31 October 2009.	Dispensing with calling for tenders as it is impractical to follow official procurement processes due to the urgency and the gravity of land invasions in informal settlements and open spaces.	Red Ant Security Services (Pty) Ltd 6 5 th Street Marlboro	As and when required at various rates depending on action required for a period of 7 months.
Infrastructure Services: Facility Maintenance	Supply and Fitting of Carpets Centenary Hall as a matter of urgency	International event to be hosted at the Centenary Hall on 25 April 2009. Emergency repair work had to be performed in order to prepare the venue for this event. Specialised service providers were requested to quote.	Carpet and Décor Centre 31 Commissioner Street Krugersdorp	R 380 640.00 (including VAT)
Infrastructure Services: Facility Maintenance	Rendering of Emergency repair and maintenance work at the Centenary Hall	Emergency waterproofing works on the skylights in the Centenary Hall (same as above)	UAM Africa PO Box 282 Honeydew	R 62 792.18 (including VAT)
Chief Operating Officer – Marketing, Communication and CRM	MCLM's participation as part of brand building campaign in the Theo Kgosinkwe MTN SAMA victory celebrations.	MCLM's participation could only happen through the event organizer, Beloja Media and Communications as the Brand Ambassadors of Theo Kgosinkwe	Beloja Media & Communications Suite 51, Cnr Market and Kruger street, Mogale City	R 308 081.00 (including VAT)
Infrastructure Services: Electricity Section	Emergency Repairs at Libertas Substation – Faulty 40 MVa Transformer	The transformer from the Libertas Substation was removed and transported to be opened and inspected as approved by the MM in Sept 2008. Permission was granted by MM on 17 Febr 09 for LHM to continue with repairs not exceeding R 1.5 m. LHM then submitted to options on extensiveness of repair work.	LH Marthinussen PO Box 27440 Benrose	R 3 025 494.00 (excluding VAT)

		Option 2 was accepted for the rewind of the damaged windings only – delivery period 5 months. Purchase of a new transformer will be approx R 9m.		
Social Services: Libraries	Book Purchases for various Libraries	Library Services received an amount of R 330 000 for Dept Sport, Arts and Culture for purchasing of library resources. Designated library staff from every library visits various bookshops to meet different user's needs. Specific bookshops narrow their stock to specific categories of stock. Deviation for the purchase of library books is an accepted practice.	JUTA, Exclusive Books Van Schaik, World Book, Time to Read, Booktalk	R 318 431.38
Corporate Support Services (Human Capital)	Appointment of the only accredited service provider to provide Library Practice Skills Programme to 20 unemployed matriculants in MCLM	Recruitment of twenty unemployed matriculants within MCLM to be trained as Library Assistants. A Library Practice Skills Programme Qualification for Library Assistants was developed by BP Development and is currently the only accredited service provider for this qualification. The Library Practices Skills Programme will be funded by LGSETA including the payment of stipends.	BP Developments PO Box 13060 Jacobs 4026	
Infrastructure Services: Electricity Section	Emergency repairs: 33 Transmission Line Structures: Condale – Factoria, Condale – Chamdor and Teddy Neil – Spruit Substations	Tender I (E) 10/2009 – Maintenance of High Voltage Electrical Equipment – this tender included the inspection/assessment of transmission lines – but no tenders were received for this portion. Quotations were then requested for the inspection/assessment of 33 kV transmission lines. Quotation was awarded to EPSAR. During assessment EPSAR clearly stated the great danger of the	EPSAR cc 48 Louisa Street Brackenhurst	R 105 936.98 (Including VAT)

		current situation as well as the extremely high risk of loss of live as well as property damage. EPSAR appointed for emergency repairs in the amount of R 105 936.98 but also for repair and maintenance of transmission lines for a one-year period on an as and when required basis. All quotations approved will be reported on a quarterly basis.		
CONDONATIONS				
Infrastructure Services: Fleet Management	Hiring of 1 x Refuse Lugger/Skip Loader for Waste Management Section	The Refuse Section has 3 refuse luggers which are Council owned. Simultaneous breakdowns were experienced in Feb 2009 and due to urgency of service delivery and prevention of running into backlogs – a replacement lugger had to be hired.	Reliable Waste Services Po Box 31821 Braamfontein	R 53 295.00
Infrastructure Services: Roads and Surface Drainage	Tender I (R) 03/2007: Plant Hire tender – expenditure incurred exceeding authorized amount	Approval for the over-expenditure of R 494 083.93 that exceeded the approved extension of tender I (R) 03/2007. Approved extension was for R 2 528 492.61. it should be noted that all departments of Council utilise the Plant Hire tender. The total budget has not been exceeded.	Twin – M Plant Hire	R 494 083.93
Social Services	Increase of project value for Pauper and Indigent Burials – Q 09/2007	Contract was awarded to Tlholoe's Parlour for the Rendering of Burial Services to paupers and indigents on an as and when required basis for a period of three years – to an amount of R 80 000. Condonation is requested for exceeding total estimate by R 2 216.63 and to increase contract value to R 200 000.	Tlholoe Funeral Parlour	R 2 216.63
Infrastructure Services:	Tender I (E) 21/2007: Appointment of	Contract value in terms of recommendation was capped at R 500 000.	Tractionel Enterprise	R 1 004 243.00

Electricity Section	Tractionel Enterprises for Service connections on an as and when required basis for a period of one year.	Total amount of work allocated to Tractionel exceeded allocation with R 1 004 243.00. All service connections was paid for in full by consumers before Electricity Section assigned work to Tractionel for execution.		
EXTENSIONS				
Financial Services (Revenue Section)	Extension of tender F (R) /200 – Appointment of Service Provider for the Management of Credit Control and Revenue Protection Administration and Related Field Actions	Extension of tender for a period of 4 months from 19 May 2009 to 19 September 2009 – new tender process in progress.	IPES - Utility Management Services (Pty) Ltd	
Infrastructure Services: Fleet Management	Extension of current contract for the Hiring of 10 x sedan vehicles for Public Safety and 1 x Landfill Compactor for Waste Management	<p>The existing contract awarded to Avis for the hiring of 10 sedan vehicles to be extended for a three month period</p> <p>The existing contract awarded to Landfill Equipment for the hiring of 1 x Landfill Compactor be extended for a six month period.</p> <p>The new tender process for the full maintenance lease of 99 vehicles is in Evaluation phase currently</p>	<p>Avis Car Rental</p> <p>Landfill Equipment cc</p>	<p>R 90 000 (including VAT) (3 month period)</p> <p>R 5555 000 (including VAT) (6 month period)</p>

