

ITEM (01/2012)

Municipal Manager's Report to Council on the Deviation from and ratification of breaches from the Procurement processes for the period 1 October to 31 December 2011

PURPOSE

To submit a report to Council on the deviation from procurement processes for the quarter ending 31 December 2011.

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 (pp1-4) please find the instance for the quarter October to December 2011 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,
2. for reasons as mentioned in the report, with the approval of the Municipal Manager, for the quarter ending 31 December 2011.
3. that the items in 1 above be included by the Chief Financial Officer as a note to the 2011/2012 annual financial statements.

DISPENSING WITH CALLING FOR TENDERS FOR THE PERIOD FROM 1 JULY TO 31 DECEMBER 2011

ANNEXURE A

Department	Description	Reason	Approved Company	Amount
Office of the Chief Operating Officer	Conclusion of the Jobsfund Applications and the Related Business Plans on behalf of MCLM	<p>The President launched a R 9 billion jobsfund in May 2011 and public and private organizations were invited to submit applications before 21 July 2011. The aim of the jobsfund is to co-finance projects with demonstrated potential to contribute significantly to job creation.</p> <p>SWH Advisory Services offers business advisory services that support and leverage the private and public sectors institutions' resources in order that productivity and profitability are optimized.</p> <p>S(36) (1)(a)(v) – exceptional case – impractical to follow official procurement process due to short time available</p>	SWH Advisory Services (Pty) Ltd 23 Wellington Road Parktown	Appointment is based on a risk agreement and should the funding applications be successful & related business plans concluded and accepted by DBSA, MCLM will pay according to scales based on funding received from DBSA: R 50 m – 1.75% R 100 m – 1.5% R 150 m – 1.25%
Financial Management Services	Appointment of Integrasol to provide Council with Leave Management Services, Encompassing a reconciled leave balance at financial year end and the updating of the leave management functions from Jan to June 2011.	<p>At the end of September 2011 the financial statements were complete, but no Leave Balance as at 30 June 2011 was received from HRM. Integrasol was appointed as an emergency contingency plan to calculate the leave balance as at year end as well as other related functions. Integrasol has a long term working relationship with MCLM has done excellent work in the past.</p> <p>S(36) (1)(a)(v) – exceptional case – impractical to follow official procurement</p>	Integrasol Continuum CA (SA) 1 st Floor Stabilitas Chambers 265 Kent Road Randburg	Quotation Sept 2011 R 355 308 Quotation Oct 2011: R 309 828

		process due to urgency before financial year end.		
Office of the Chief Operating Officer	Appointment of Acutech Business Solutions for the Roll-out of Phase 2 of the Enterprise Project Management and Microsoft Sharepoint 2010	Contract COO (PMO) 03/2010: Establishment of a Project management Office was awarded to Acutech Business Solutions on 10 March 2010. Phase one of this project was completed successfully. Acutech has now been appointed for phase 2 as they have already collected all the required information during phase 2 and it will be impractical to appoint a new service provider at this stage. S(36) (1)(a)(v) – exceptional case – impractical to follow official procurement process.	Acutech Business Solutions Unit 5 Waterfall Edge, Vorna Valley Midrand	R 300 000 (excluding VAT)
Infrastructure Services: Water and Sanitation	Extension of scope of work for tender I (W&S) 04/2010: Maintenance of Water and Wastewater Equipment in MCLM	Immediate action is required to prevent any further spillages as a result of mal-functional Boiketlho, Rietvallei Ext1, Rietvallei Ext 5 sewer pump stations and Kagiso 12 Reservoir. Current contract value is increased to include fencing and refurbishment of Kagiso Ext 12 reservoir; Boiketlho, Rietvallei Ext 1 and Rietvallei Ext 5 pump stations. S(36) (1)(a)(i) – emergency	Tecroveer (Pty) Ltd No 9 Cooperskloof Street Glenharvie 1786	Contract value increased from R 15 517 743.67 to R 22 601 357.67
Economic Services	Development of a Township Regeneration Strategy, Business Plans and Project Plans in terms of the Neighbourhood Development Partnership Grant (NDPG)	MCLM was awarded NDPG funding in 2008. Contracts with then appointed service providers have subsequently been terminated as quality and requirements of NT were not met. NT suggested that MCLM utilize section 32 in order to utilize a service provider appointed by another organ of state. Unfortunately none of the metro's and	Afro Architectural PO Box 33440 Glenstantia	Payment through MDPG grant received from National Treasury. No counter funding required from MCLM at this stage.

		<p>municipalities approached, followed an official scm process. NT then recommended the services of a service provider appointed by Greater Tubatse Local Municipality – Afro Architectural.</p> <p>S(36) (1)(a)(v) – urgency.</p>		
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