

ITEM (01/2013)

Municipal Manager's Report to Council on the Deviation from and ratification of breaches from the Procurement processes for the period 1 October 2012 to 31 December 2012

PURPOSE

To submit a report to Council on the deviation from procurement processes for the quarter ending 31 December 2012.

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 2012 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 - 3) where the official procurement processes were dispensed with, for reasons as mentioned in the report, with the approval of the Municipal Manager, for the quarter ending 31 December 2012.
2. that the items in 1 above be included by the Chief Financial Officer as a note to the 2012/2013 annual financial statements.

DISPENSING WITH CALLING FOR TENDERS FOR THE PERIOD FROM 1 OCTOBER TO 31 DECEMBER 2012

ANNEXURE A

Department	Description	Reason	Approved Company	Amount
Social Services: Testing Station	Purchase and Installation of "Play Detector" at the testing station	The "Play Detector" is mandatory equipment in terms of the Road Traffic Act that must be installed at all testing stations. This mandatory A grade heavy duty hydraulic play detector is available from one service provider only in Maraisburg. Section 36 (1)(a)(ii) – Sole Provider	Workshop Electronics cc PO Box 310 Maraisburg Not Mogale based	R 125 970.00 (including VAT)
Social Services: Protection Services Section	Repair and Renovate the Alcohol Abuse Centre into a Municipal Court Facility at Social Services Department as a matter of urgency.	In order to adhere to the legal requirements from Justice Department the Protection Services Section to establish a Municipal Court Facility where court hearings will be held for municipal related offences. Three quotations were obtained to repair and renovate the Alcohol Abuse Centre as a matter of urgency. Section 36(1)(a)(v) – Impractical to follow normal SCM procedures due to urgency	Ultrasonic Express cc 6652 Kagiso 2 East Park Mogale City	R 119 757.00 (including VAT)
Corporate Support Services: Printing Section	Extension of tender CORP (ADM) 09/2009: Leasing of Digital Photocopiers for a period of five months	Extension of lease agreement for a period of five months as from 1 November 2012 to 31 March 2013. New tender is process Section 36 (1)(a)(v)	Nashua West Rand PO Box 274 Rand and Dal	R 196 500 (Including VAT) per month
Office of the COO	Support and maintenance of the BIQ financial system, provide technical advice and conduct technical skills transfer	The support contract for BIQ between MCLM and Quill Associates terminated on 31 October 2012. Support and maintenance of the system is imperative and the municipality had to appoint a skilled service provider to provide the support for the period 1 Nov 2012 to 30 June 2013. Section 36 (1)(a)(v)	Comperio Forensic Services (Pty) Ltd Office no 4 Stonebridge House Stonemill Office Park Randburg Not Mogale based	R 89 893.56 (including VAT) per month Total for 8 month period R 719 148.48

Office of the COO	BIQ System Analysis and Support: Payment for additional work performed on the BIQ system due to unauthorized upgrade of the system performed by Quill Associates on 5 October 2012	Comperio was appointed to conduct a system analysis of BIQ and provide support. When the system analysis was finalized, there was however additional work due to unauthorized activities by Quill when they introduced an "Activation Code" field with several BIQ databases and programs. Section 36(1)(a)(v) – Impractical to follow normal SCM procedures due to urgency	Comperio Forensic Services (Pty) Ltd Office no 4 Stonebridge House Stonemill Office Park Randburg Not Mogale based	R 407 020.22 (including VAT)
Political Support Services	Appointment of legal and forensic auditors to carry out forensic audits within the municipality by direction of the Executive Mayor	Investigation of certain activities allegedly carried out by some officials within the organization, also seeking legal opinion on certain decisions taken . The MFMA places an obligation on the Executive Mayor and Accounting Officer to investigate and deal with all activities within the organization that are in direct contravention of the act. Section 36(1)(a)(v) – Impractical to follow normal SCM procedures due to urgency	Emang Basadi Legal and Forensic Services (Pty) Ltd 15 th floor Marble Tower Sanlam Centre Johannesburg	R 952 040.00
Corporate Support Services: Marketing and Communication	Appointment of Africa Facts, a television production company subcontracted by DSTV Mnet Channel to supply them with content for season 3.	Africa Facts Season 3 is focusing on promoting corporate leadership and success stories in SA. The campaign also features Local and Provincial Government with an emphasis on LED strategies. Fast Facts shot a documentary of MCLM success on 7 Nov 2012. Section 36 (1)(a)(ii) – Sole Provider	Africa Facts 32 Paperbank Cnr. Dexter and Boxer Rd Randburg Not Mogale based	R 72 333.00

