

**ITEM (12/2014)**

**Municipal Manager's Report to Council on the Deviation from and ratification of minor breaches from the Procurement processes for November 2014**

**PURPOSE**

To submit a report to Council on the deviation from procurement processes, extension of tenders and ratification of minor breaches from the procurement process for November 2014.

**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 instances in November 2014 where the prescribed procurement processes were not followed and the deviations were 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 process was dispensed with, for reasons as mentioned in the report, with the approval of the Municipal Manager, for November 2014.
2. that above be included by the Chief Financial Officer as a note to the 2014/2015 annual financial statements.



## DISPENSING WITH CALLING FOR TENDERS FOR NOVEMBER 2014

## ANNEXURE A

Department	Description	Reason	Approved Company	Amount (including VAT)
Infrastructure Services: Electricity	Emergency Repair and Supply of Material for street and public lighting repairs	<p>Light Be has been the appointed service provider for the maintenance of streetlights, but they were liquidated two months prior to their contract expiry date. As an interim measure the Elec Section took a decision to utilize its own staff and temporarily recruit former Light Be staff based on their previous involvement with our network. This unfortunately did not work, as they soon resigned. MCLM was severely affected by hail and wind storms at the end of 2013. A large number of old poly propylene fittings were destroyed by the hail.</p> <p>A decision was then taken to approach other metro;s and municipalities for approval to utilize their appointed service providers and contractors in restoring streetlight infrastructure under section 32 of the SCM Regulations. Although MCLM send duly signed letters by the MM to all these organs of state identified - as well as follow-up requests – absolutely no responses were received from City Power, Ekurhuleni, and Durban.</p> <p>Through the service providers appointed by the three metro’s, we were able to obtain copies of their tender submission and all other relevant information - but as the consent from the other organ of state remained outstanding, these</p>	<p>Genlux Ligthing PO Box 1183 Germiston</p> <p>(Tender 1943G for luminaires – City Power)</p>	R 1 880 337.66

		<p>transactions will have to be treated as deviations and not section 32 appointments.</p> <p>Section 36 (1)(a)(v) – impractical to embark on a an official procurement process</p>		
			<p>Industrial Poles and Masts Pty Ltd Alberton</p> <p>A-EE 23/2012 for poles and brackets - Ekurhuleni</p>	R 76 522.50
			<p>Jupiter Electrical Wholesalers 14 Webber Road Germiston Tender A-EE 25/2012 Street Lamps - Ekurhuleni</p>	R 354 781.68
			<p>Beka Lighting Pty Ltd Olifantsfontein Tender A-EE 22/2012 for luminaires Ekurhuleni</p>	R 1 472 097.96
Office of the Chief Operating Officer	Appointment of IBM South Africa Ltd to provide STG Lab Services	IBM is the original equipment manufacturer of the AS 5400 Operating System Software and the hardware utilized by MCLM. IBM was requested to retrieve, analyse and report IBM i data/logs/information/settings from the “compromised” IBM server of which the report should contain relevant information obtained via IBM i Audit reports, OHST logs, joblogs, SPLF	IBM South Africa Ltd	R 15 560.00 for each unit of STG Lab services up to a max of 5 units. Estimated service charge R 77 845.00. For on-site services MCLM will

		<p>data, etc for an estimated three days. These information will assist MCLM to use the information collected/retrieved from the “compromised” system as evidence in the ongoing criminal investigation instituted by MCLM.</p> <p>Section 36 (1)(a)(ii) – sole provider.</p>		<p>be charged a min of 3 service units. MCLM will be invoiced monthly for service units delivered.</p>
<p>Infrastructure Services: Electricity</p>	<p>Utilization of an Electrical Engineer appointed by the Joint Financing agreement for External Services for Heritage Manor – Munsieville South</p>	<p>Appointment of Eksteen and Le Roux as the Consulting Engineer and Project Engineer for the capacity upgrading of the Spruit Substation in terms of their appointment in the joint Financing Agreement by the developers that has agreed to upgrade the Spruit Substation Capacity to make the required electricity capacity available for this development. The appointment by MCLM is only for the Spruit Substation upgrade over a period to complete the project, but not longer than three years. The appointment also includes the finalization of the specifications as well as assisting with technical evaluation.</p> <p>Section 36 (1)(a)(v) – impractical to embark on a an official procurement process</p>	<p>Eksteen &amp; Le Roux Selborne Building Centurion</p>	<p>Appointment for a max period of three years based on approved fees (% of total contract value)</p>



