

ITEM (10/2014)

Municipal Manager's Report to Council on the Deviation from and ratification of minor breaches from the Procurement processes for September 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 September 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 September 2014 where the prescribed procurement processes were not followed and the deviations were approved in terms of the Municipal Manager's delegated powers.

In terms of Section 36 (1)(b) of the SCM Policy the Municipal Manager is also allowed to ratify any minor breach of the procurement processes by an committee acting in terms of delegated powers which are purely of a technical nature. The following two minor breaches, as discovered by Internal Audit during a recent audit of the procurement process, were ratified:

- I (FM) 49/2013: Refurbishment of President Building
- SS (SR) 04/2014: Rehabilitation and upgrading of Azaadville Sport Complex – Phase 1

In both instances there were discrepancies with regard to the functionality scoring as performed by the relevant consulting engineers and confirmed by the BEC and BAC. The functionality scoring was rectified, and did not affect the outcome of the award of both tenders, as the recommendations remained unchanged.

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 September 2014.
2. that Council takes note of the ratification of the minor breaches of the procurement processes by the BEC and BAC committees acting in terms of delegated powers which are purely of a technical nature for the following two tenders:
 - I (FM) 49/2013: Refurbishment of President Building
 - SS (SR) 04/2014: Rehabilitation and upgrading of Azaadville Sport Complex – Phase 1
3. that above be included by the Chief Financial Officer as a note to the 2014/2015 annual financial statements.

Prepared by:

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Supported by:

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Municipal Manager

Date:

DISPENSING WITH CALLING FOR TENDERS FOR SEPTEMBER 2014

ANNEXURE A

Department	Description	Reason	Approved Company	Amount (including VAT)
Infrastructure Services	Refurbishment of six submersible mixers are Percy Steward Water Care Works through "strip and quote"	<p>As it is impossible to determine exactly what is wrong with each mixer, until it has been dismantled and inspected; it is not possible to write specifications for the repair of these mixers upfront. Therefore the "strip and quote" procedure is the only procedure available in which the mixers are sent to a reliable service provider to strip them and determine exactly what is wrong with them.</p> <p>As the mixers cannot be passed be passed on from one service provider to the next in order to determine exactly what is the problem – it is practice that the service provider that strips the equipment also be allowed to quote for the repairs and if acceptable then the service provider be allowed to repair the equipment. There is also cost and labour involved when it comes to the stripping of equipment – as well as to re-assemble the equipment again, and service providers will not perform this function for free. Even more damage can occur during the process of stripping and quoting and assembling the equipment again.</p> <p>Section 36 (1)(a)(v): Impractical to follow the normal SCM process.</p>	Electrical & Pump Centre 6 Honda street Lenasia	R 154 702.29

<p>Infrastructure Services</p>	<p>Repair through “strip and quote” of SP 200 Compactor and Front Rake Sludge Screen at the Rietvallei Sewerage Pump Station – extension 1</p>	<p>As the two submersible pumps are currently in the process of being refurbished the screen and compactor also needs to be repaired otherwise they will damage the pumps again.</p> <p>As the submersible pumps cannot be passed be passed on from one service provider to the next in order to determine exactly what is the problem – it is practice that the service provider that strips the equipment also be allowed to quote for the repairs and if acceptable then the service provider be allowed to repair the equipment. There is also cost and labour involved when it comes to the stripping of equipment – as well as to re-assemble the equipment again, and service providers will not perform this function for free. Even more damage can occur during the process of stripping and quoting and assembling the equipment again Section 36 (1)(a)(v): Impractical to follow the normal SCM process.</p>	<p>S.A.M.E Water</p>	<p>R 44 574.00</p>
<p>Infrastructure Services</p>	<p>Emergency purchase of front rake screen for Magaliesburg Water Care Works</p>	<p>The current front rake screen at the Magaliesburg Water Care Works cannot be refurbished and therefore a new screen is required. The situation is considered to be an emergency as no screening are removed from the influent and two aerators have been damaged. Before the aerators can be repaired the screen needs to be replaced.</p> <p>This is considered to be an emergency situation as raw sewerage is currently flowing into the Magaliesriver as the plant is not functional.</p>	<p>S.A.M.E. Water</p>	<p>R 114 000</p>

		Section 36 (1)(a)(ii): Emergency.		
Integrated Environmental Management	Extension of Software License Agreement for Cemetery Management System for a period of three years	<p>DIEM procured the Cemetery Management Software from Synapsis Software in February 2011. The license agreement expired in July 2014. DIEM started with the process of requesting permission to advertise again, when it was discovered by Budget Office that new software will be a capital expense and DIEM only provided for operational expenditure. A decision was taken that it will be in the best interest of Council to request for a deviation in the form of an extension of the existing license agreement as:</p> <ul style="list-style-type: none"> • Council already owns the software; • There will be no service disruptions; • The current software meets all the operational and admin needs of the department; • Synapsis Software is used throughout SA and is the only accredited software by the Institute of Environment and Recreation Management's Cemetery Association. • DIEM is not aware of any other established standalone Cemetery Software in SA. • Only the license agreement is extended for a period of three years. 	Synapsis Software PO Box 15961 Mount Pleasant Port Elizabeth	Smart R 51 061.42 per annum for a period of three years
Infrastructure Services	Provision of tankered water to various affected areas in Krugersdorp,	Section 36 (1)(a)(i): Single provider City Power had an electrical failure on 15 September 2014 which resulted in Rand Water not being able to supply MCLM with sufficient	Twin – M Plant Hire	The rates will be as per approved tender, but the

	Kenmare, Ruimsig, Muldersdrift and Pinehaven on an emergency basis	<p>water as required. The City Power problem was resolved on 16 September 2014, but Rand Water continues to experience problems to restore supply to the West Rand including MCLM and is unable to indicate the duration of the shortage of water supply.</p> <p>Tender I (R) 06/2012 for the Hire of Plant for a period of 36 months awarded to Twin-M Plant Hire will be utilized to deliver tankered water to the affected areas.</p> <p>Section 36 (1)(a)(ii): Emergency.</p>		quantity cannot be determined upfront. Will be reported to Council once available
Chief Operating Officer	Payment of services rendered by Comperio Forensic Services	<p>On 17 June 2014 the municipality experienced a security breach on the BIQ system and Comperio Forensic Services assisted the municipality in restoring the BIQ system. BIQ was upgraded to a new server. Additional security measures were put in place for access to the BIQ server.</p> <p>Section 36 (1)(a)(ii): Emergency.</p>	Comperio Forensic Services 300 Arcadia Road Darrenwood Randburg	R 592 389.51

EXTENSION OF TENDERS FOR JUNE 2014

ANNEXURE B

Department	Description	Reason	Approved Company	Amount (including VAT)

