

ITEM _____ (/2016)

Municipal Manager's Report to Council on the Deviation from and ratification of minor breaches from the Procurement processes for December 2015.

PURPOSE

To submit a report to Council on the deviation from procurement processes and ratification of minor breaches from the procurement process for December 2015.

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 (pp 1-3) please find the instances in December 2015 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 items as per Annexure A (pp 1-3) where the official procurement process was dispensed with, for reasons as mentioned in the report, with the approval of the Municipal Manager, for December 2015.
2. that above be included by the Chief Financial Officer as a note to the 2015/2016 annual financial statements.

Prepared by:

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Manager: SCM

Supported by:

Leslie Mahuma
Chief Financial Officer

Approved by:

D Mashitisho
Municipal Manager

Date

DISPENSING WITH CALLING FOR TENDERS FOR DECEMBER 2015

ANNEXURE A

Department	Description	Reason	Approved Company	Amount (including VAT)
Infrastructure Services: Water and Sanitation Section	Interim, intermediate water supply programme (IIWSP) and Municipal Infrastructure Grant (MIG). Mogale City planned projects	<p>Mogale City – Infrastructure Services – Water and Sanitation section has collaborated with LED through the SEDA Incubator Mentorship Program to implement the projects of installing water pipelines in areas that are currently supplied with water tankers. The desired program will reduce the use of water tankers to the identified settlements by ensuring that the permanent water supply is achieved.</p> <p>The SEDA Construction Incubator Program as managed by LED was launched in 2014 with the intent to develop the emerging contractors through the infusion of both technical and business administration skills. The program is aimed at providing support to selected participants for a period of three (3) years where the CIBD grade rating of the incumbents will be advanced by at least one (1) financial level above the entry point.</p> <p>Nominated contractors for the rural water and sanitation projects</p> <p>The available budget for installation of water pipe line extension will cater for six (6) kms, where five (5) contractors have been</p>	<ul style="list-style-type: none"> • Mthandeni Trading Enterprise 22 • Tsazamu Enterprise (Pty) Ltd • Serontabole Construction and Maintenance (Corporative) • Mmesi Civil and Construction (Corporative) • Gritty Trading and Projects <p>The below listed contractors were nominated as mitigation to the above not accepting the assignment</p> <ul style="list-style-type: none"> • Ultivate Solutions • Joyful Attempt Construction Projects 15 	R 7 000 000

selectively nominated according to their:

CIBD grading of 1CE/1GB

Each contractor will be assigned to a one (1) km pipeline installation to specifically include rate for Labor intensive construction.

The list of five (5) nominated contractors are:

- Mthandeni 22 Trading Enterprise
- Tsazamu Enterprise (Pty) Ltd
- Serontabole Construction and Maintenance (Corporative)
- Mmesi Civil and Construction (Corporative)
- Gritty Trading and Projects

The below listed contractors were nominated as mitigation to the above not accepting the assignment

- Ultivate Solutions
- Joyful Attempt Construction Projects 15

Note: The above assignment will entail labor only, the material and plant to execute the project will be sourced internally by the Municipality

Section 36 (1)(a)(v) – impractical to embark on an official procurement process

<p>Finance: Valuations</p>	<p>Reconciliation of BIQ – General Valuation roll and billing report to migrate into RMS</p>	<p>Linkage was responsible for the General Valuation roll into BIQ system after we had delays and problems with regards to GV roll integration in July 2014. They were appointed through a deviation process, which was duly reported to Council. This request can be seen as an extension of the scope of work of this previous deviation (and as such, it will also be reported as a deviation).</p> <p>The reconciliation between the General Valuation Roll and the Billing Report in BIQ is urgent as we would like to ensure that data is on the RMS is reliable as we will be billing on RMS the next round.</p> <p>The financial audit for 2014/2015 highlighted issues which will compromise our data going forward. Among other Auditor General picked up that :</p> <ul style="list-style-type: none"> * The Billing report could not reconcile to the General Valuation Roll and to BIQ * There were properties which were on the GV roll but not being billed * There were properties which were billed but not on the GV roll. 	<p>Linkages</p>	<p>R 198 000</p>
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