

ITEM _____ (/2016)

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

PURPOSE

To submit a report to Council on the deviation from procurement processes and ratification of minor breaches from the procurement process for November 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 November 2015 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 made by a committee acting in terms of delegated powers which are purely of a technical nature. The following minor breach, as reported to the bid committees, was ratified:

- I (WW) 12/2015: Appointment of a service provider for the rental of Chlorine gas cylinders at Percy Stewart, Magaliesburg and Flip Human waste water treatment works on an as and when required basis for the period of three (3) years.

In this instance the above mentioned tender was awarded to Metsi Chem on 19 May 2015 and the clause for transportation was omitted from the recommendations. It is requested that it be included as was included in the original tender submission. It was stated that transport rates will be adjusted in accordance with the published Diesel and Fuel adjustment (statutory and non-statutory) as received from contracted haulers and verified by the SEIFAS Tables L1 and L2 basis to be used is the

published index in February 09 tables page 12. Furthermore that there would be an annual transport rate adjustment and a quarterly adjustment on the fuel price fluctuations. Attached as Annexure B.

RECOMMENDED TO MUNICIPAL COUNCIL:

1. that Council takes note of the item 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 November 2015.
2. that Council takes note of the ratification of the minor breaches as per Annexure B (pp 4) of the procurement processes by an official or committee acting in terms of delegated powers which are purely of a technical nature for the following tender:
 - o I (WW) 12/2015: Appointment of a service provider for the rental of Chlorine gas cylinders at Percy Stewart, Magaliesburg and Flip Human waste water treatment works.
3. 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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Chief Financial Officer

Approved by:

D Mashitisho
Municipal Manager

Date

DISPENSING WITH CALLING FOR TENDERS FOR NOVEMBER 2015

ANNEXURE A

Department	Description	Reason	Approved Company	Amount (including VAT)
Infrastructure: Fleet	Roll out of new tenders: I (F) 31/2015 – A (165 x General Vehicles), B (56 x trucks) , C (24 x specialized trucks), D (16 x earthmoving and plant) and E (5 x motorbikes)	<p>Tenders I (F) 31/2015 – A (165 x General Vehicles), B (56 x trucks), C (24 x specialized trucks), D (16 x earthmoving and plant) and E (5 x motorbikes) were presented to the BEC and BAC for consideration and approval, subsequent to the approval the annual budget of the municipality for the 2015/16 Financial Year was approved making it not possible to proceed with the full scope of the above mentioned tenders.</p> <p>For the awarded tenders that were awarded, the new service providers could not confirm the delivery schedules of the new vehicles although they did accept the awarded tender and signed MBD 7.2 form to provide vehicle provision from 1 July 2015 to the municipality. Their respective vehicle suppliers can only confirm delivery of the vehicles after they receive the orders, which they cannot place as not all the Service Level Agreements are signed.</p> <p>The indication from the current leased vehicle Service providers are that they will keep the monthly rates for the most of the vehicles the same for the Municipality to continue with the</p>	<ul style="list-style-type: none"> • Fleet Africa (Pty) Ltd • Fleetmatics (Pty) Ltd • Aqua Plant Hire (Pty) Ltd • G-Fleet 	R 162 727 343.51

current service providers until such time when the new vehicles are delivered. There can be rate increase for the specialized vehicles due to the wear and tear of the engines and hydraulic mechanisms. The proposed rates from the service providers will be agreed on once we receive all the rates from the respective service providers.

Once these confirmation letters have been received from the service providers the applicable rates will be implemented as from the 1 July 2015 on a month to month basis until such time when the new vehicles are delivered. There are new and existing service providers which will be affected regarding this arrangement, namely Fleet Africa (Pty) Ltd, Fleetmatics (Pty) Ltd and Aqua Plant Hire (Pty) Ltd rendering the services for sedans, LDV's and specialized vehicles. G-Fleet is currently rendering the services for the Public Safety vehicles and they will be approached to confirm the continue rendering of their service on a month to month basis until such time when the new contract Tender: I (F) 31/2015 – A (165 x General Vehicles) and E (5 x motorbikes), has been awarded by the municipality.

Section 36 (1)(a)(v) – Impractical to follow the normal SCM process

<p>Integrated Environmental Management</p>	<p>Development of Muldersdrift Park</p>	<p>Ndumo Projects was appointed to develop Muldersdrift Park for a period of 3 years. Due to the incompetence and bridge of GCC contract, MCLM terminated their contract with Ndumo projects.</p> <p>It was jointly agreed by DIEM, SCM, MDCC Consultant and PMU to engage with Plantwise in order to complete the park and redo some work conducted by Ndumo Projects that was of substandard and poor quality. Plantwise provided outstanding service to MCLM so far with regards to Parks development and the same services had been rendered to other neighboring Municipalities. It is evident that Plantwise is more than capable to see this project to completion.</p> <p>Section 36 (1)(a)(v) – An emergency and impractical to follow the normal SCM process</p>	<p>Tswellapele Plants CC t/a Plantwise</p>	<p>R 936 141. 21</p>
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RATIFICATION OF MINOR BREACHES OF THE PROCUREMENT PROCESS

The following tender followed the official procurement processes in 2015/16 and were awarded to the highest point scoring bidder:

- I (WW) 12/2015: Appointment of a service provider for the rental of Chlorine gas cylinders at Percy Stewart, Magaliesburg and Flip Human waste water treatment works on an as and when required basis for the period of three (3) years.

In this instance the above mentioned tender was awarded to Metsi Chem on 19 May 2015 and the clause for transportation was omitted from the recommendations. It is requested that it be included as was included in the original tender submission. It was stated that transport rates will be adjusted in accordance with the published Diesel and Fuel adjustment (statutory and non-statutory) as received from contracted haulers and verified by the SEIFAS Tables L1 and L2 basis to be used is the published index in February 09 tables page 12. Furthermore that there would be an annual transport rate adjustment and a quarterly adjustment on the fuel price fluctuations. Attached as Annexure B.

