

ITEM (04/2010)

Municipal Manager's Report to Council on the Deviation from and ratification of breaches from the Procurement processes for the period 1 January to 31 March 2010

PURPOSE

To submit a report to Council on the deviation from procurement processes for the quarter ending 31 March 2010.

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 - 3) please find the instances for the quarter January to March 2010 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, condonation of expenditure incurred and extension of contracts for reasons as mentioned in the report, with the approval of the Municipal Manager, for the quarter ending 31 March 2010.
2. that the items in 1 above be included by the Chief Financial Officer as a note to the 2009/2010 annual financial statements.

DISPENSING WITH CALLING FOR TENDERS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2010:

ANNEXURE A

Department	Description	Reason	Approved Company	Amount
Corporate Support Services	Supply, Delivery and Installation of a Recording System and Audio Visuals in the Council Chambers as a matter of urgency.	The current recording system was purchased in 2006/07 and has suffered several breakages due to being carried from one venue to the other. The capacity is also not adequate for the current Council Chamber. The last three meetings of Council could not be recorded. Five companies were invited to submit quotations and give presentations.	Vital Change Trading	R 649 893.75 (Including VAT)
Office of the Chief Operating Officer	Additional cost incurred iro Design and Printing of the 07/08 Annual Report and 09/10 IDP/Budget and SDBIP of MCLM	Requesting permission for incurring of additional cost – over and above initial approval for: <ul style="list-style-type: none"> • 07/08 Annual report • 09/10 IDP/Budget and SDBIP Additional pages had to be printed to reflect the audited report by AG (07/08) and total number of pages printed exceeded original quantity (09/10).	Ukhosa Design	<ul style="list-style-type: none"> • 08/09 Annual report R 41 268.00 • 09/10 IDP/Budget & SDBIP R 81 225.00
Social Services (Public Safety)	Extension of tender PS 01/2005 and renting of software for a period of one year	<ul style="list-style-type: none"> • Extension of tender PS 01/2005 Extension of contract for a period of three months until 30 June 2010. • Renting of software for a period of one year – Ciprus Traffic Management System Software will be rented for a year or until the software of the E-Natis (AARTO Act) are fully functional. The department also provided for the purchasing of camera equipment on the 	<p>Total Client Services (previously Labat Africa)</p> <p>Civitas Data Services (Pty) Ltd 72 Dover Street Ferndale Randburg</p>	<p>43% of income received</p> <p>Once off payment of R 65 000 for license fees. R 1.70 (excluding VAT) per hand written or camera violation captured on the system.</p>

		evaluation.		
Infrastructure Services (Fleet)	Extension of current contracts with various service providers as to ensure the services of 21 specified vehicles up to 30 June 2010	The tender for the supply and delivery of 103 vehicles was awarded to G-Fleet in September 2009. This tender was however subsequently cancelled as no vehicles have been delivered to date. New tenders were advertised and are in the process of evaluation.	<ul style="list-style-type: none"> • Avis – 10 Sedans • Multi waste – 6 compactors • Landfill – 1 Tana • Debis fleet – 3 Roll-ons and 1 crane truck • Sula Smart (new contract) -6 add compactors 	<p>R 97 470 per month (excluding VAT)</p> <p>R 126 000 per month (excluding VAT)</p> <p>R 94 000 per truck (including VAT)</p> <p>From end of Febr to 30 June 2010</p>
CONDONATION				
Social Services	Condonation of expenditure incurred in terms of Q 09/2007; Pauper and Indigent Burials	Amount approved in terms of quotation was R 200 000 for a period of three years. This threshold has been reached, but the new tender is not in place as yet. Requests for pauper and indigent burials have however increased drastically.	Tlholoe's Funeral Parlour	Condonement of over-expenditure amounting to R 15 011.06 Permission to pay outstanding invoices for R 25 906.05 Approval for any additional expenditure incurred until July 2010 (new tender).
Environmental Management	Condonation of payment for services rendered for the supply of 3 refuse compactors to the Waste Management section.	The Waste Management section was experiencing a backlog in refuse collection due to simultaneous breakdowns on the existing fleet. In order to avoid overtime work, additional trucks had to be obtained. Several service providers were contacted, but only Sula Smart could assist with 3 compactors immediately. One month rental – Dec 09.	Sula Smart and Supply Services	R 337 500

