

ITEM (02/2016)

Municipal Manager's Report to Council on the Deviation from and ratification of minor breaches from the Procurement processes for January 2016.

PURPOSE

To submit a report to Council on the deviation from procurement processes and ratification of minor breaches from the procurement process for January 2016.

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 1-4) please find the instances in January 2016 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 1-4) where the official procurement process was dispensed with, for reasons as mentioned in the report, with the approval of the Municipal Manager, for January 2016.
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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Supported by:

Leslie Mahuma
Chief Financial Officer

Approved by:

D Mashitsho
Municipal Manager

Date

DISPENSING WITH CALLING FOR TENDERS FOR JANUARY 2016

ANNEXURE A

| Department | Description | Reason | Approved Company | Amount (including VAT) |
|-------------------|---|---|-------------------------------|---------------------------|
| Economic Services | Tudor Shaft relocation, resettlement and relocation programme | <p>On Monday, the 14th of December 2015, the Human Settlement MinMec meeting resolved that there need to be an accelerated sustainable human settlement project delivery and expenditure programme by Gauteng Province between January to March 2016.</p> <p>It was the HAD allocation that formed the basis for the new motivations by the three Metropolitan Municipalities in Gauteng (Ekurhuleni, Joburg, Tshwane) and Mogale City Local Municipality at the meeting held at Housing Development Agency's offices on the 15th of December 2015.</p> <p>At the same meeting, the National Department of Human Settlements, Housing Development Agency and Gauteng Department of Human Settlements resolved as follows:</p> <ul style="list-style-type: none"> • Mogale City will be allocated 600 units for Tudor Shaft – valued at R 129.2 million from the HDAs R300 million • The three Metropolitan Municipalities will share the balance of R 170.8 million since they benefit from the Urban Settlement Development Grant (USDG) | Vuka Ultrasonic Joint Venture | R 129.2 Million |

- The beneficiary municipalities must urgently by the 18th of December 2015 submit housing delivery implementation plan and cashflow programmes for January to March 2016 to the National Department of Human Settlements, Gauteng Department of Human Settlements and Housing Development Agency

It is within the context of securing and utilizing the HDAs funding that Mogale City decided on a deviation procurement mechanism so that service delivery at Tudor Shaft can be undertaken in early January 2016. Otherwise the funding will be lost as the allocation is based on the national – provincial year ending in March 2016.

Consequently, it was concluded that “strategically located land” should be identified and acquired for areas such as Soul City and Tudor Shaft. It is therefore proposed that these settlements should be relocated.

It is for the environmental, health and acid mining drainage reasons that the relocation of the people of Tudor Shaft must be undertaken as a matter of priority.

Section 36 (1)(a)(i)(v) – An emergency and impractical to follow the normal SCM process

| | | | | |
|--------------------------------|--|--|-----------------------------|--------------------|
| <p>Infrastructure Services</p> | <p>Emergency and risk of operational failure of air conditioners (information technology)</p> | <p>The Municipal contract for installation and maintenance of air conditioner cooling systems has expired and the process to re-advertise the tender is still to happen.</p> <p>Infrastructure Services Building and Maintenance currently utilizes the services of various service providers on quotation basis to facilitate the maintenance of the cooling systems as an interim solution.</p> <p>The emergency situation due to failure of the air-conditioners prompted the department to assign a service provider as to minimize the damage that could have been caused to the server system.</p> <p>An urgent intervention (weekend 9-10th January 2016) to address the non-operational air conditioner system at the server room (IT) was undertaken by assigning Idol Consulting (service provider) – to repair the air conditioner system that had ceased to operate dating the 9th January 2016.</p> <p>Idol Consulting Firm the assigned service provider proceeded to implement the process of addressing the problem by :</p> <ul style="list-style-type: none"> • Purchasing and replacing two compressors (36000 BTU) in addition to re-gassing the cylinders. | <p>Idol Consulting Firm</p> | <p>R 93 026.39</p> |
|--------------------------------|--|--|-----------------------------|--------------------|

- The air conditioner designated (24000 BTU) was assessed for electrical faults and re-gassed.

The 12th January 2016 followed by an inspection of the supposed permanent underground cooling system that has been out of operation for a time not disclosed. The overall commissioning of the interventions undertaken resulted in the underground cooling system also being restored to its functional state.

The status quo of the server room at IT as from the 13th January 2016 remains stable as all air conditioners including the floor cooling system are in operation.

Section 36 (1)(a)(i) – In an emergency

