

COJ: TECHNICAL EMT CLUSTER  
COJ: EMT  
COJ: MAYORAL SUB COMMITTEE  
COJ: MAYORAL COMMITTEE  
COJ: FINANCE COMMITTEE  
COJ: COUNCIL

---

**SUPPLY CHAIN MANAGEMENT  
EAC DEVIATION AND RATIFICATION REPORTS  
THAT WERE CONSIDERED AND APPROVED BY  
THE EXECUTIVE ADJUDICATION COMMITTEE  
FOR THE PERIOD OF JANUARY TO MARCH 2014**

**1 STRATEGIC THRUST**

Well Governed and Managed City.

**2 OBJECTIVES**

2.1 To provide information to Council on deviations and ratifications considered and approved by the Accounting Officer for the period of January to March 2014.

**3 SUMMARY**

3.1 Regulation 36(1)(a) of the Municipal Supply Chain Management Regulations (the Regulation) provides that the Accounting Officer may dispense with the normal procurement processes and procure the required goods or services through any convenient process, which may include direct negotiations, but only:

- In an emergency
- If goods or services are available from single supplier only;
- In respect of acquisitions of special works of art;
- In respect of acquisitions of animals for Zoo's;
- In any other exceptional case where it is impossible or impractical to follow official procurement processes.

In terms of Regulation 36(1)(b) the Accounting Officer may ratify any minor breaches of the procurement processes by an official or a committee acting in terms of delegated powers, which are of a purely technical nature.

To give effect to Regulation 36, paragraph 21 of the SCM Policy by the City on 6 April 2006 likewise allows the Accounting Officer to deviate from the normal procurement processes under the circumstances contemplated. Regulation 36(2) provides that the next meeting of Council and must include them as notes in the Annual Financial Statements.

It should be noted that for the period of January to February 2014 there were three (3) deviations and one (1) ratification reports that were considered by the Executive Adjudication Committee in terms of the Supply Chain Management Policy.

During the aforesaid period the Accounting Officer approved the deviations from the normal procurement processes and ratified the actions of officials for their breach of procurement processes as reflected in Annexure A attached hereto. The deviations are hereby reported to the Council.

**COJ: TECHNICAL EMT CLUSTER  
COJ: EMT  
COJ: MAYORAL SUB COMMITTEE  
COJ: MAYORAL COMMITTEE  
COJ: FINANCE COMMITTEE  
COJ: COUNCIL**

---

**4 POLICY IMPLICATIONS**

The reporting of the deviations and ratification of actions taken to safeguard the interest of the City contained in this report are done in compliance with the SCM Policy of the City and in adherence to Regulation 36(2) of the Municipal Supply Chain Management Regulations.

**5 LEGAL AND CONSTITUTIONAL IMPLICATIONS**

In terms and Regulations 6(1) of the Local Government: Municipal Finance Management Act, the Council of a Municipality must maintain oversight over the implementation of its Supply Chain Management Policy. By virtue of Regulation 36(2), the Accounting Officer must record the reasons for any deviation, must report the deviations to the next meeting of the Council and must include them as notes in the annual financial statements.

Regulation 6(4) further requires the Council to make this report public in the manner prescribed in section 21A of the Local Government: Municipal Systems Act No 32 of 2000, for access thereof by the public.

**6 FINANCIAL IMPLICATION**

All deviations and the ratification reports approved by the Accounting Officer had budget provisions under the respective votes. No deviation was approved without the approved budget provision.

**7 COMMUNICATIONS IMPLICATIONS**

The deviations contained in this report will be included as a note to the annual financial statements of the City and will be made public in the manner prescribed in Section 21(a) of the Local Government: Municipal System Act No 32 of 2000, of access thereof by the public.

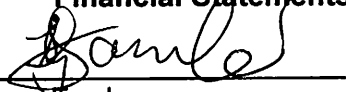
**8 OTHER BODIES / DEPARTMENTS CONSULTED**

The Finance and Group Legal and Contracts Departments were consulted in the drafting of this report.

**IT IS RECOMMENDED**

**1 That the contents of the report and the information contained in Annexure A be noted in compliance with Regulation 36(2) of the Municipal Supply Chain Management Regulations.**

**2 That the deviations contained in Annexure A be included as a note to the Annual Financial Statements in compliance with Regulation 36(2).**



Trevor Fowler  
City Manager

Tel: 011 407 6340  
Fax: 011 403 1631

CITY OF JOHANNESBURG

EAC DEVIATION / RATIFICATION REPORT FOR THE PERIOD OF JANUARY TO MARCH 2014

Department	Description	Contracted Service Provider	Value of the Project (incl. VAT)	Reasons	Corrective Measures	Date of Decision
Group Risk & Assurance Services Department (GRAS)	Deviation: Reg. 36(1)(a)(v) Office Accommodation of Group Risk & Assurance Services Department at 48 Ameshoff Street Building	SAPPI	R15,079,699.00	To Request the Executive Adjudication Committee (EAC) to rescind the approval of Office Accommodation in 125 Simmonds Street for the Group Risk and Assurance Services Department (GRAS). This office building was sold to City Campus while the Department was in the process of obtaining approval from the EAC.  To seek the approval for the Department to enter into a three year lease agreement for suitable and adequate office space at 48 Ameshoff Street.		31 January 2014
<b>Total</b>			<b>R15,079,699.00</b>			

COJ: COUNCIL  
 COJ: MAYORAL COMMITTEE  
 FINANCE SECTION: 79 PORTFOLIO COMMITTEE  
 SUPPLY CHAIN MANAGEMENT UNIT

Department	Description	Contracted Service Provider	Value of the Project (incl. VAT)	Reasons	Corrective Measures	Date of Decision
Core Financial Accounting	Deviation: Reg 36 (1)(a)(v) Renewal of the PWC Combined Systems, Baud Premier Licences for CoJ Asset Verification Process	Price Waterhouse Coopers	R400,000.00	<p>The Assets Monitoring and Accounting Department has in the past procured a business solution in managing the assets of the City. Contract A293 expired in 2013, as a result the Assets Monitoring and Accounting Department could no longer pay the payable annual Licence fee for the usage of the BAUD PREMIER system that the City is using for the annual asset verification process under the SCM processes.</p> <p>The risks of changing suppliers that assist CoJ in the preparation of the asset verification process are that, the National Treasury Standard Chart of Accounts (SCOA) Requirements and Operational Challenges, and considering the pending Municipal SCOA Regulation the National Treasury issued MFMA Circular No. 57 Municipal Financial Systems and Processes.</p> <p>However, municipalities are strongly advised not to proceed with any configuration or upgrades to their current core financial system owing to pending requirements of the SCOA Regulations, hence the request for a deviation in terms of Reg 36(1)(a)(v) to proceed to procure the licences of a Software the City already provided previously and has been in use.</p>		31 January 2014

COJ: COUNCIL  
 COJ: MAYORAL COMMITTEE  
 FINANCE SECTION: 79 PORTFOLIO COMMITTEE  
 SUPPLY CHAIN MANAGEMENT UNIT

Department	Description	Contracted Service Provider	Value of the Project (incl. VAT)	Reasons	Corrective Measures	Date of Decision
<i>Total</i>			R400,000.00			

COJ: COUNCIL  
 COJ: MAYORAL COMMITTEE  
 FINANCE SECTION: 79 PORTFOLIO COMMITTEE  
 SUPPLY CHAIN MANAGEMENT UNIT

Department	Description	Contracted Service Provider	Value of the Project (incl. VAT)	Reasons	Corrective Measures	Date of Decision
Group Corporate and Shared Services (CEEF)	Ratification: Reg. 36(1)(b) Ratification of the Actions of Group Human Capital Management in Relation to the over Expenditure on CEEF Breakaway	Events Galore	R5,737.62	The initial quotation for the CEEF Breakaway was R90,819.24. The Group Executive Director: Corporate Shared Services, later requested management representatives from different departments, be invited to attend the workshop. This, together with providing lunch for Guest Speakers and special dietary requirements for some of the attendees, resulted in an additional amount of R5,737.62 (VAT inclusive) being incurred, it was impractical at that stage and time to request new quotations for the additional requirement.	The Group Head: Assurance Service to institution an investigation in terms of Regulation 38(1)(b) of the Municipal Supply Chain Management Regulations.  Payment of R5,737.62 Approved	21 February 2014
Group Communication & Tourism	Deviation from normal procurement procedure; Request to deviate from the normal procurement process to extend the real time travel connections (RTTC) Contract to hose, maintain and support the group communications and tourism's websites and travel management system.	RTTC	R199 728.00 inclusive of VAT	The current contract with RTTC will effectively end on 31 March 2014. The City requires an extension of the above contract for the continuation of the services pending the finalization of the contract. Hence the request for the City Manager to deviate from the normal procurement process in terms of Regulation 361(a) (v) to allow the current service provide the services.		28 March 2014

COJ: COUNCIL  
 COJ: MAYORAL COMMITTEE  
 FINANCE SECTION: 79 PORTFOLIO COMMITTEE  
 SUPPLY CHAIN MANAGEMENT UNIT

Department	Description	Contracted Service Provider	Value of the Project (incl. VAT)	Reasons	Corrective Measures	Date of Decision
<i>Total</i>			<i>R205 465.62</i>			
<i>Grand Total</i>			<i>R15 685 164.62</i>			





