

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

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**SUPPLY CHAIN MANAGEMENT  
EAC DEVIATION AND RATIFICATION REPORTS  
THAT WERE CONSIDERED AND APPROVED BY  
THE EXECUTIVE ADJUDICATION COMMITTEE  
FOR PERIOD APRIL TO JUNE 2012**

**1 STRATEGIC THRUST**

Well Governed and Managed City.

**2 OBJECTIVES**

To provide information to Council on deviations and ratifications considered and approved by the Accounting Officer for the month of April to June 2012.

**3 SUMMARY**

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:

1. In an emergency
2. If goods or services are available from single supplier only;
3. In respect of acquisitions of special works of art;
4. In respect of acquisitions of animals for Zoo's;
5. 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 month of April there were no deviations and ratifications and for the months of May to June 2012 eight (8) deviations and nine (9) ratification reports 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.

The Accounting Officer in consultation with the Acting Group Chief Financial Officer have resolved to discontinue considering deviations and a communiqué to this effect is due to be issued to business.

#### 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).

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- 3 That the Director: Supply Chain Management Unit, in compliance with Regulation 6(4), makes this report public in the manner prescribed in Section 21(a) of the Local Government: Municipal System Act No 32 of 2000, for access therefore by the public.

*Trevor Fowler* ACTING CITY MANAGER.

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City Manager

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ANNEXURE A

CITY OF JOHANNESBURG

EAC DEVIATION / RATIFICATION REPORT FOR THE PERIOD APRIL 2012 TO JUNE 2012

Department	Description	Contracted Service Provider	Value of the Project (incl. VAT)	Reasons	Corrective Measures	Date of Decision
Environmental Management	Ratification: Reg. 36 (1)(b) Approval of Payment of the Service Provider: Turncard Trading 111(Pty) Ltd for Bruma Lake Bioremediation Project	Turncard Trading 111 (Pty) Ltd	R199 785.00	The Procurement Process relating to the advertisement of quotations on the Notice Board was followed however: The service provider was engaged without the appointment report being signed by Director SCM in terms of her SCM delegation, hence the request for a ratification		25 May 2012

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Department	Description	Contracted Service Provider	Value of the Project (incl. VAT)	Reasons	Corrective Measures	Date of Decision
Environmental Management	Ratification: Reg. 36 (1)(b) Approval of Payment of the Service Provider, Kaleo Consulting, for the Facilitation of the GDS Environmental Week Session	Kaleo Consulting	R96 843.00	The GDS Co-ordinating Committee through the Central Strategy Unit was mandated to source services for all departments for the outreach process. However this could not materialise due to the short notice given and therefore individual departments were only advised to source their services directly. This was only after the consumption of such services. Hence the request for a ratification.	Letter of reprimand to be sent to the Head of the Department – Environmental Management	25 May 2012
<b>Sub-Total</b>			<b>R296 628.00</b>			

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EAC DEVIATION/RATIFICATION REPORT FOR THE PERIOD APRIL 2012 TO JUNE 2012

Department	Description	Contracted Service Provider	Value of the Project (incl. VAT)	Reasons	Corrective Measures	Date of Decision
Corporate and Shared Services	Deviation: Reg 36 (1)(a)(v) New Lease Agreement at Traduna Centre Braamfontein	Kovacs Investment	R18 449 540.00	In terms of the Institutional Review Process (IRP), the Infrastructure Services Department and Environmental Management Services Department have integrated. This has resulted in the extension of the lease at Traduna being extended to accommodate the integration of the two departments. Hence the request for a deviation.		25 May 2012
<b>Sub-Total</b>			<b>R18 449 540.00</b>			

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Department	Description	Contracted Service Provider	Value of the Project (incl. VAT)	Reasons	Corrective Measures	Date of Decision
Office of Chief Information Officer	Deviation: Reg 36 (1)(a)(ii) Baseline Increase: Current Microsoft Enterprise Agreement	Microsoft	R3 449 089.01	Sole Provider of Microsoft Software		25 May 2012
<b>Sub-Total</b>			<b>R3 449 089.01</b>			
Revenue and Customer Relations Management	Ratification: Reg. 36 (1)(b) Approval of Payment of the Service Provider: Manenzhe Hygiene Solutions	Manenzhe Hygiene Solutions	R72 000.00	Revenue and Customer Relations Management utilised the services of Manenzhe Hygiene Solution from FMMU (Contract 144/08) Panel of Service Providers to provide Services to the City of Johannesburg. This contract expired in March 2012 but the department continued to utilise the service provider for a period of three months (April to June), as these services could not be discontinued as it was going to pose a health risk to call centre staff and management.		29 June 2012

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Department	Description	Contracted Service Provider	Value of the Project (incl. VAT)	Reasons	Corrective Measures	Date of Decision
Revenue and Customer Relations Management	Ratification: Reg. 36 (1)(b) Approval of Payment of Service Provider: Steiner Hygiene	Steiner Hygiene	R 80 401.60	Hence the ratification for approval of payment. Revenue and Customer Relations Management continued to utilise the services of Steiner Hygiene from FMMU (Contract 176/08), which expired on the 31 September 2011. This service could not be discontinued as it was going to pose a health risk to call centre staff and management. Hence the ratification for approval of payment.		29 June 2012
<b>Sub-Total</b>			<b>R152 401.60</b>			



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Department	Description	Contracted Service Provider	Value of the Project (incl. VAT)	Reasons	Corrective Measures	Date of Decision
Central Strategy Unit	Deviation: Reg 36 (1)(a)(ii) Request for subscribing to HIS Information & Insight (Global Insight) Pty and Quantec Research (Pty) Ltd	HIS Information & Insight (Pty) Ltd (Global Insight) Quantec Research (Pty) Ltd	R 49 590.00 R 69 084.00	Sole Provider of Regional Explorer (Rex) Database and EasyData		29 June 2012
<b>Sub-Total</b>			<b>R 118 674.00</b>			
Community Development (Arts Culture & Heritage)	Ratification: Reg. 36 (1)(b) Approval of Payment of Service Provider: Steiner Hygiene	Steiner Hygiene Services	R 151 044.00	Community Development (Art Culture and Heritage) continued to utilise the services of Steiner Hygiene from FIMU (Contract 176/08) for a period of 5 months (November 2011 to March 2012) which expired on 31 September 2012. This service could not be discontinued as it was going to pose a health risk to the museum staff and public. Hence the ratification for approval of payment.		29 June 2012
<b>Sub-Total</b>			<b>R151 044.00</b>			

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Department	Description	Contracted Service Provider	Value of the Project (incl. VAT)	Reasons	Corrective Measures	Date of Decision
Private Office of the Executive Mayor	Ratification: Reg. 36 (1)(b) Approval of Payment of the Service: Request to appoint Events Galore to Facilitate a Strategic Breakaway of the Private Office of the Executive Mayor 13-14	Events Galore	R 127 442.70	The Private Office of the Executive Mayor followed the normal procurement process in terms of soliciting three quotations from a approved panel, but however the adjudication report was not submitted to the Director. SCM for consideration/approval prior to the engagement of the supplier. Hence the ratification for approval of payment.	Letter of reprimand to be sent to the Head of the Department	29 June 2012
<b>Sub-Total</b>			<b>R 127 442.70</b>			

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Department	Description	Contracted Service Provider	Value of the Project (incl. VAT)	Reasons	Corrective Measures	Date of Decision
Corporate and Shared Services Department	Ratification: Reg. 36 (1)(b) Ratification of Actions on contract 207/08: The Supply and Delivery of Weekend Newspapers to the City.	Continent Transport Services	R 241 642.54	Services were rendered after the expiry and within the transition to the new contract which came into effect in January 2012. The amount of R241 642.54 was for the services rendered in December 2011. Hence the ratification for approval of payment.		29 June 2012
<b>Sub-Total</b>			<b>R 241 642.54</b>			

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EAC DEVIATION/RATIFICATION REPORT FOR THE PERIOD APRIL 2012 TO JUNE 2012

Department	Description	Contracted Service Provider	Value of the Project (incl. VAT)	Reasons	Corrective Measures	Date of Decision
Finance (Valuation)	Ratification: Reg. 36 (1)(b) Approval of Payment of Printing for the Notifications to Property Owners of Supplementaries as printed in Supplementary Valuation roll 9 for the period. 2 January 2012 to 23 April 2012	Maitronic Direct Marketing CC	R 463 002.15	The Sec 49 notification from the supplementary valuation Roll 9 needed in terms of urgency to be posted with the monthly statements, hence Maitronic Direct Media cc, the current service provider for the posting of monthly statements was requested to include in those statements the Section 49 notification. Unfortunately due to urgent nature of the requirement no price approval was obtained. Hence the ratification for approval		29 June 2012
<b>Sub-Total</b>			<b>R 463 002.15</b>			

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Department	Description	Contracted Service Provider	Value of the Project (incl. VAT)	Reasons	Corrective Measures	Date of Decision
Housing Department	Deviation: Reg 36 (1)(a)(v) Extension of the existing Lease Agreement for a further period of three years relating to Office Accommodation at 222 Smit Street, Braamfontein	Broll Property Management Company	R 11 301 848.02	The Housing Department has established its offices at 222 Smit Street, Braamfontein the public and the suppliers has been using the premises to engage with the Department, hence the request for a deviation to extend the lease for those premises as it is impractical to go out on tender on the same building.		29 June 2012
<b>Sub-Total</b>			<b>R 11 301 848.02</b>			
Corporate and Shared Services (FMMU)	Deviation: Reg 36 (1)(a)(v) Extension of the existing Lease Agreement	ACA Krans	R 314 094.51	FMMU has established its offices at 222 Smit Street, Braamfontein the public and the suppliers has been using the premises to engage with the Department, hence the request for a deviation to extend the lease for those premises as it is impractical to go out on tender on the same building.		29 June 2012
<b>Sub-Total</b>			<b>R 314 094.51</b>			

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Department	Description	Contracted Service Provider	Value of the Project (incl. VAT)	Reasons	Corrective Measures	Date of Decision
Community Development (Libraries and Information Services)	Deviation: Reg 36 (1)(a)(v) Ratification: Reg. 36 (1)(b) Deviation and Ratification of actions of Community Development in Relation to the services and period of operation	Steiner Hygiene	R 240 000.00	The user department engaged the service provider under contract 176/08 approved by the City, however the contract expired in October 2011 and the user department continued to utilise the services of Steiner Hygiene from the period February to July 2012 as discontinuing these services would have posed a serious health risks.		29 June 2012
<b>Sub-Total</b>			<b>R 240 000.00</b>			
Economic Development	Deviation: Reg 36 (1)(a)(v) Extension of the existing Lease Agreement	Liberty Life Properties (Pty) Ltd	R 751 786.78	The department had requested permission to reside in the Jorissen Place from 1 <sup>st</sup> January 2012 to 31 December 2012, being the period which an alternative accommodation would be sourced.		29 June 2012
<b>Sub-Total</b>			<b>R 751 786.78</b>			
<b>Grand Total</b>			<b>R36 057 193.31</b>			