

**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 APRIL TO JUNE 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 April to June 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:

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 period of April to June 2014 there were three (3) deviations and four (4) 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.

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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

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CITY OF JOHANNESBURG

EAC DEVIATION / RATIFICATION REPORT FOR THE PERIOD OF APRIL TO JUNE 2014

Department	Description	Contracted Service Provider	Value of the Project (incl. VAT)	Reasons	Corrective Measures	Date of Decision
Johannesburg Metropolitan Police Department	Ratification: Reg. 36(1)(b) Ratification of Actions of JMPD to pay Urban Brew for services rendered	Urban Brew Studios	R42 675.19	After hiring mobile toilets during Dec 2013 and Jan 2014 from Urban Brew for the Inner City Clean-up Project Hillbrow, an executive decision was taken to continue with the project. However, this resulted in the mobile toilets being retained for the month of Feb 2014, and we were only notified on the 03 February 2014 therefore it became impracticable and impossible to follow the normal procurement processes which then resulted in a deviation and thereafter ratification by the EAC.		28 March 2014
Total			R42 675.19			

COJ: COUNCIL
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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 Communication and Tourism	Ratification: Reg 36 (1)(b) Appointment of a Service Provider to produce Squeeze and Stings Advertising Material for Joburg Open 2014	DWF Marketing Communications (Pty) Ltd t/a The DWF Collective	R103 254.00	The department followed the normal procurement process in terms of soliciting quotations from their panel (A474) but however their process was not completed as they did not comply with Practise Note 4 of 2011(Utilisation of Panels) in that they engaged the service provider without their report being signed by the delegated authority for a threshold of R30 000 to R200 000 hence the ratification.		22 April 2014
Group Communication and Tourism	Deviation: Reg 36 (1)(a)(v) Extension of Joburg Tourism Rental Lease Agreement	Grosvenor	R140 000.00	The Johannesburg Tourism Company (JTC) has been operating its head office at Ground Floor, Grosvenor Corner, Parktown North since its inception in 2005. Due to the incorporation of JTC to Group Communication and Tourism Department (GC&T), the rental agreement for the current lease expires at end May 2014. GC&T is currently finalising new Tourism office space with Joburg Property Company (JPC) at the Sandton Library (owned by the		25 April 2014

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Department	Description	Contracted Service Provider	Value of the Project (incl. VAT)	Reasons	Corrective Measures	Date of Decision
				City of Johannesburg) Nelson Mandela Square. The process has not yet been finalised and is awaiting final signatures before a competitive bidding processes can proceed in order to undertake the necessary renovations required for tourism and for the relocation. Hence the deviation.		
Group Communication and Tourism	Ratification: Reg. 36 (1)(b) Failure to obtain the necessary Approval for Quotations sourced from Panel A471 to Secure Exhibition and Advertising Space at the International Tourism Bourse (ITB 2014)	Brandhead Strategic Marketing Communications	R124 992.83	The department followed the normal procurement process in terms of soliciting quotations from their panel (A471) but however their process was not completed as they did not comply with Practise Note 4 of 2011(Utilisation of Panels) in that they engaged the service provider without their report being signed by the delegated authority for a threshold of R30 000 to R200 000 hence the ratification.		25 April 2014
Total			R368 246.83			

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Department	Description	Contracted Service Provider	Value of the Project (incl. VAT)	Reasons	Corrective Measures	Date of Decision
Office of the Speaker (Legislature and Oversight)	Ratification: Reg. 36(1)(b) Condonation and Ratification with Long Term Resolution	Events Galore	R25 790.85	Ratification and condonation of the actions of the CoJ Legislature Officials for utilizing Events Galore for the provision of décor services in the absence of a Request for Quotation and Purchase Order number for the Special Council Meeting held on 09 December 2013, as a memorial service for the former President Dr Nelson Mandela.		25 April 2014
Total			R25 790.85			
Housing Department	Deviation: Reg. 36 (1)(a)(v) Payment of a Service Provider for Temporary Emergency Accommodation Facilities rendered by Methodist Evangelical Services (MES)	Methodist Evangelical Services (MES)	Ekuthuleni R1 570 257.44 Linatex R1 380 689.00	As per the judgement handed down by the ConCourt in December 2011 the CoJ was obligated to provide temporary emergency accommodation to evictees from both private and state led eviction matters, that will be rendered homeless as result of the eviction. The Blue Moonlight decision necessitated the CoJ to have in place a model for providing such temporary accommodation, hence the MES was requested to refurbish the Ekuthuleni and Linatex facilities to accommodate the evictees in the Blue Moonlight matter and Chang Hua Tikwelo House matter.	The Group Head: Assurance Services to institute an investigation. In terms of Regulation 38(1)(b) of the Municipal Supply Chain Management Regulation.	25 April 2014

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Housing Department	Deviation: Reg. 36(1)(a)(v) Professional Service Providers to Embark on the Consolidation, Subdivisions and Rezoning of the Existing Industrial Township of Rand Leases Extension 5 to a Residential Township	Eurecon (Pty) Ltd Batalala Construction CC	R641 256.36 R363 095.54	<p>In 2010 City of Johannesburg's Housing Department conducted feasibility studies on land known as Rand lease Extension 5 which is currently zoned industrial. The Rand lease Extension 5 property is owned by the City of Johannesburg and has been invaded by approximately 150 families. The name of the informal settlement is Rugby Club which has been recorded under the City of Johannesburg's master list as per the report approved during January 2008. The available land has potential to yield +- 2500 housing opportunities.</p> <p>Following recommendations within the feasibility studies conducted, that Rand lease Extension 5 be developed as a mixed income residential development, the City of Johannesburg Housing Department commenced with the procurement of professional services providers from the approved panel of consultants A311 during October 2011. Professional services were procured in an effort to undertake consolidation, subdivision and rezoning of the existing industrial township of Rand leases Extension 5 to (conclude and submit a township establishment application for a mixed income) mixed residential</p>		25 April 2014

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Department	Description	Contracted Service Provider	Value of the Project (incl. VAT)	Reasons	Corrective Measures	Date of Decision
				<p>development, this process was also employed as an endeavour to formalize existing informal settlements, in particular Rugby Club, within the City of Johannesburg and furthermore to provide housing opportunities to the surrounding communities.</p> <p>Aurecon South Africa (Pty) Ltd and Batalala Construction CC were appointed under Contract A311 as part of the upgrading of the existing informal settlement Rugby Club, and both their contracts expired in October 2012. Hence the request for the completion of the outstanding work as part of the consolidation, subdivision and rezoning of the existing industrial township of Rand leases Extension 5 to a residential township.</p>		
Total			R3 955 298.34			
Grand Total			R4 392 011.21			

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