



**SUPPLY CHAIN MANAGEMENT  
POLICY OF THE GREAT KEI LOCAL  
MUNICIPALITY**

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## Definitions

In this policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Municipal Finance Management Act 56 of 2003 has the same meaning as in the Act, and –

1	<b>“adjudication points”</b> : means the points for price for B-BBEE contribution referred to in the Preferential Procurement Regulations, 2011 and the Preferential Procurement section of this policy, also referred to as “evaluation points”.
2	<b>“agent”</b> means a person mandated by another person (“the principal”) to do business for and on behalf of, or to represent in a business transaction, the principal, and thereby acquire rights for the principal against an organ of state and incur obligations binding the principal in favour of an organ of state.
3.	<b>“all applicable taxes”</b> includes value-added tax, pay as you earn, income tax, unemployment insurance fund contributions and skills development levies.
4.	<b>“allocation”</b> in relation to a municipality means – (a) municipality's share of the local government's equitable share referred to in Section 214 (1) (a) of the Constitution; (b) an allocation of money to a municipality in terms of Section 214 (1) (c) of the Constitution; (c) an allocation of money to a municipality in terms of a provincial budget; or (d) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction.
5.	<b>“B-BBEE”</b> means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act.
6.	<b>“B-BBEE status level of contributor”</b> means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act.
7.	<b>“bid”</b> means a written offer or bid in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of services or goods.
8.	<b>“bidder”</b> means any person submitting a bid.
9.	<b>“break-out procurement”</b> means the procurement of goods and services for any project of the Municipality in the smallest possible quantities without compromising the quality, coverage, cost or developmental impact of the goods and services.
10	<b>“Capital Asset”</b> means: (a) any immovable asset such as land, property or buildings; or (b) any movable asset that can be used continuously; or (c) repeatedly for more than one year in the production; or (d) supply of goods or services, for rental to others; or (e) for administrative purposes, and from which future benefit can be derived, such as plant, machinery and equipment

11.	<b>“Broad-Based Black Economic Empowerment Act”</b> means the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003).
12.	<b>“closing time”</b> means the time and day specified in the bid documents for the receipt of bids.
13.	<b>“competitive bidding process”</b> means a competitive bidding process referred to in section 26 of this policy;
14.	<b>“competitive bid”</b> means a bid in terms of a competitive bidding process;
15.	<b>“comparative price”</b> means the price after the factors of a non-firm price and all unconditional discounts that can be utilised have been taken into consideration.
16.	<b>“consortium or joint venture”</b> means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity necessary for the execution of a contract.
17.	<b>“community based Vendor”</b> means a supplier of goods, services and/or construction works who resides in a target area or community, who meets the criteria for community based vendors as determined by the Accounting Officer from time to time, and who is registered as such on the municipality’s supplier database.
18.	<b>“consortium”</b> also referred to as a “Joint Venture”
19.	<b>“Construction Industry Development Board Act”</b> means the Construction Industry Development Board Act, 2000 (Act 38 of 2000) and includes the regulations thereto.
20.	<b>“construction works”</b> means any work in connection with: (a) the erection, maintenance, alteration, renovation, repair, demolition or dismantling of or addition to a building or any similar structure; (b) the installation, erection, dismantling or maintenance of fixed plant; (c) the construction, maintenance, demolition or dismantling of any bridge, dam, canal, road, railway, sewer or water reticulation system or any similar civil engineering structure; or (d) the moving of earth, clearing of land, the making of an excavation, piling or any similar type of work.
21.	<b>“consultant”</b> means a person or entity providing services requiring knowledge based expertise.
22.	<b>“contingency”</b> means the amount varying in accordance with the nature of the contract.
23.	<b>“contract”</b> means the agreement that results from the acceptance of a bid by the municipality and awarded to the successful bidder.
24.	<b>“contract value”</b> means the value of the contract.
25.	<b>“control”</b> the possession and exercise of legal authority and power to manage the assets, goodwill and daily operations of a business and the active and continuous expertise of appropriate managerial authority and power in determining the policies and directing the operations of the business.

26.	<b>“contractor”</b> means a person or body of persons who undertakes to execute and complete constructions works.
27.	<b>“councillor”</b> means a member of a municipal council.
28.	<b>“day(s)”</b> means calendar days unless the context indicates otherwise.
29.	<b>“delegated authority”</b> means any person or committee delegated with authority by the municipality in terms of the provisions of the relevant legislation.
30.	<b>“designated sector”</b> means a sector, sub-sector or industry that has been designated by the Department of Trade and Industry in line with national development and industrial policies for local production, where only locally produced services, works or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content.
31.	<b>“district municipality”</b> means a municipality that has municipal executive and legislative authority in an area that includes more than one municipality and which is described in section 155(1) of the Constitution as a category “C” municipality.
32.	<b>“employer”</b> means the Great Kei Local Municipality.
33.	<b>“end user”</b> means a person who initiates the process of acquisition management and also plays a very important role during the evaluation process.
34.	<b>“executive mayor”</b> means an executive mayor elected in terms of section 55 of the Municipal Structures.
35.	<b>“extension of contracts”</b> means contracts where the scope of works or duration must be extended. The possibility of adding to the scope of works exist.
36.	<b>“final award”</b> , in relation to bids or quotations submitted for a tender, means the final decision taken by the municipality for the award of the tender.
37.	<b>“firm price”</b> is the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy or tax which in terms of a law or regulation is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract.
38.	<b>“formal written price quotation”</b> means quotations referred to in section 25 of this policy;
39.	<b>“fronting”</b> means a deliberate circumvention or attempted circumvention of the B-BBEE Act and the Codes and commonly involves reliance on data or claims of compliance based on misrepresentations of facts, whether made by the party claiming compliance or by any other person.
40.	<b>“fruitless and wasteful expenditure”</b> means expenditure that was made in vain and would have been avoided had reasonable care been exercised.
41.	<b>“functionality”</b> means the measurement according to predetermined norms, as set out in the tender documents, of a service or commodity that is designed to be

	practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a tenderer.
42.	<p><b>“historically disadvantaged individual”</b> means a South African Citizen or any service provider;</p> <p>(a) who, due to the apartheid policy that had been in place, had no franchise in national elections prior to the introduction of the Constitution of the Republic of South Africa Act, 1993 (Act No. 200 of 1993) or the Constitution of the Republic of South Africa, 1993 (Act No. 200 of 1993) (“the Interim Constitution”); and/or</p> <p>(b) who is a female; and/or</p> <p>(c) who has a disability;</p> <p>provided that a person who obtained South African citizenship on or after the coming to effect of the Interim Constitution, is deemed not to be an HDI.</p>
43.	<p><b>“imported content”</b> means that portion of the tender price represented by the cost of components, PARTs or materials which have been or are still to be imported (whether by the supplier or its subcontractors) and which costs are inclusive of the costs abroad, plus freight and other direct importation costs, such as landing costs, dock dues, import duty, sales duty or other similar tax or duty at the South African port of entry.</p>
44.	<p><b>“in the service of the state”</b> means to be –</p> <p>(a) a member of –</p> <ol style="list-style-type: none"> <li>i. any municipal council;</li> <li>ii. any provincial legislature; or</li> <li>iii. the National Assembly or the National Council of Provinces;</li> </ol> <p>(b) a member of the board of directors of any municipal entity;</p> <p>(c) an official of any municipality or municipal entity;</p> <p>(d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);</p> <p>(e) a member of the accounting authority of any national or provincial public entity; or</p> <p>(f) an employee of Parliament or a provincial legislature;</p>
45.	<p><b>“irregular expenditure”</b> in relation to a municipality or municipal entity, means-</p> <p>(a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA, and which has not been condoned in terms of section 170 thereof;</p> <p>(b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;</p> <p>(c) expenditure incurred by a municipality in contravention of, or that is not in accordance with a requirement of the Remuneration of Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or</p> <p>(d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality’s by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law.</p>

46.	<b>“local content”</b> means that portion of the tender price which is not included in the imported content, provided that local manufacture does not take place.
47.	<b>“local municipality”</b> means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls and which is described in section 155(1) of the Constitution as a category “B” municipality.
48.	<b>“long term contract”</b> means a contract with a duration period exceeding one year;
49.	<b>“list of accredited prospective providers”</b> means the list of accredited prospective providers which a municipality or municipal entity must keep in terms of section 22 of this policy;
50.	<b>“management”</b> in relation to an enterprise or business, means an activity inclusive of control and performed on a daily basis, by any person who is a principal executive officer of the company, by whatever name that person may be designated, and whether or not that person is a director.
51.	<b>“municipal council”</b> means a municipal council referred to in section 157(1) of the Constitution, 1996, and <b>“council”</b> shall have a corresponding meaning.
52.	<b>“municipal entity”</b> means an entity as defined in the Municipal Systems Act.
53.	<b>“Municipal Finance Management Act”</b> means the Local Government: Municipal Finance Management, 56 of 2003 and includes the regulations thereto, and <b>“MFMA”</b> shall have a corresponding meaning.
54.	<b>“municipality”</b> when referred to as – (a) an entity, means a municipality as described in section 2 of the Municipal Systems Act, and (b) a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998)
55.	<b>“Municipal manager”</b> , means a person appointed by the municipality in terms of section 82 of the Municipal Structures Act and who is the head of administration and also the accounting officer for the Municipality.
56.	<b>“Municipal Structures Act”</b> means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998).
57.	<b>“Municipal Systems Act” (MSA)</b> means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).
58.	<b>“non-firm prices”</b> means all prices other than “firm prices”.
59.	<b>“organ of state”</b> means an organ of state as defined in section 239 of the Constitution.
60.	<b>Original Equipment Manufacturer (OEM)</b> means machinery or any equipment needing original parts for repairs and maintenance.



61.	<p><b>“other applicable legislation”</b> means any other legislation applicable to municipal supply chain management, including –</p> <p>(a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);</p> <p>(b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);</p> <p>(c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000); and</p> <p>(d)</p>
62.	<p><b>“own”</b> having all the customary incidents of ownership, including the right of disposition, and sharing in all the risks and profits commensurate with the degree of ownership interest, as demonstrated by an examination of the substance, rather than the form of ownership arrangements.</p>
63.	<p><b>“person”</b> includes reference to a juristic person.</p>
64.	<p><b>“policy”</b> means this Supply Chain Management Policy as amended from time to time.</p>
65.	<p><b>“Preferential Procurement Policy Framework Act”</b> means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and includes the regulations thereto.</p>
66.	<p><b>“privileged or confidential information”</b> means any information:</p> <p>(a) determined by the bid specification, evaluation or adjudication committee to be privileged or confidential;</p> <p>(b) discussed in close sessions by any of the bid committees;</p> <p>(c) disclosure of which would violate a person’s right to privacy;</p> <p>(d) declared to be privileged, confidential or secret in terms of any legislative framework.</p>
67.	<p><b>“quotation or quote”</b> means a written or electronic offer made to the municipality in response to an invitation to submit a quotation.</p>
68.	<p><b>“rand value”</b> means the total estimated value of a contract in Rand denomination which is calculated at the time of bid invitations and includes all applicable taxes and excise duties.</p>
69.	<p><b>“regulation”</b> means any clause contained in the Municipal Supply Chain Management Regulations published in terms of Section 168 of the MFMA.</p>
70.	<p><b>“renewal of contracts”</b> means contracts such as rental agreements, software licences, etc. that are to be renewed on a periodic basis.</p>
71.	<p><b>“republic”</b> means the Republic of South Africa, and <b>"RSA"</b> shall have a corresponding meaning.</p>
72.	<p><b>“SARS”</b> means the South African Revenue Services.</p>
73.	<p><b>“service providers” means</b></p> <p>(a) “Professional Service Provider”: Any person or body that is under contract to the Employer for the provision of Professional Services.</p> <p>(b) “General Service Provider”: Any person or body that is under contract to the Employer for the provision of any type of service.</p>

74.	<b>“SMMEs”</b> means a separate and distinct business entity, including cooperative enterprises and non-governmental organizations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub-sector of the economy.
75.	<b>“sponsorship”</b> means paying for or contributing towards the cost of an event.
76.	<b>“stipulated minimum threshold”</b> means that portion of local production and content as determined by the Department of Trade and Industry.
77.	<b>“sub-contracting”</b> means the primary contractor’s assigning or leasing or making out work to, or employing, another person to support such primary contractor in the execution of PART of a project in terms of the contract.
78.	<b>“supply chain manager”</b> means an official appointed by the GKLM to fulfil a vital role in the implementation, the monitoring and the continued application of this Policy.
79.	<b>“Systems Act”</b> means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).
80.	<b>“tender”</b> means a written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of services, works or goods, through price quotations, advertised competitive tendering processes or proposals.
81.	<b>“the Act”</b> means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).
82.	<b>“the constitution”</b> means the Constitution of the Republic of South Africa Act, 1996 (Act No. 108 of 1996).
83.	<b>“the Regulations”</b> means the Local Government: Municipal Financial Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005.
84.	<b>“total revenue”</b> the income generated from sale of goods or services or any other use of capital or assets associated with the main operations of an organisation before expenses are deducted..
85.	<b>“treasury guidelines”</b> means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act.
86.	<b>“trust”</b> means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person.
87.	<b>“trustee”</b> means any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person.
88.	<b>“unauthorised expenditure”</b> in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with Section 15 or 11(3) of the Act.

	<p>(a) overspending of the total amount appropriated in the municipality’s approved budget;</p> <p>(b) overspending of the total amount appropriated for a vote in approved budget;</p> <p>(c) expenditure from a vote unrelated to the department of functional area covered by the vote;</p> <p>(d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;</p> <p>(e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of “allocation” otherwise than in accordance with any condition of the allocation; or</p> <p>(f) a grant by the Municipality otherwise than in accordance with the MFMA.</p>
89.	<p>“<b>unsolicited bid</b>” means an offer submitted by any person on his, her or its own initiative without having been invited by the municipality to do so.</p>
90.	<p>“<b>variation order</b>” means unforeseen costs pertaining to uncertain circumstances that are PART of infrastructure projects.</p>
91.	<p>“<b>written or verbal quotations</b>” means quotations referred to in <b>section 24</b> of this policy.</p>
<p>Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include females and words importing persons shall include companies, closed corporations and firms, unless the context clearly indicates otherwise.</p>	
<p>All amounts/limits stated in this document shall be deemed to be inclusive of Value Added Tax (VAT).</p>	

## Chapter 1

### Part 1: Implementation of Supply Chain Management Policy

#### 1. Purpose

- (1) The purpose of this policy is to guide all supply chain practices within the Great Kei Municipality and to implement supply chain practices that are consistent with the following principles:
  - a. A procurement system which is fair, equitable, transparent, competitive and cost effective in terms of Section 217 of the Constitution of South Africa No 108 of 1996;
  - b. PART 1 of chapter 11 of the MFMA and its Regulations and any norms and standards that may be prescribed in terms of section 168 of the Act;
  - c. Best practices in Supply Chain Management;
  - d. Uniformity in Supply Chain Management systems between organs of state in all spheres;
  - e. Consistent with national economic policy concerning the promotion of investments and doing business with the public sector;
  - f. Preferential Procurement Policy Framework; and
  - g. Broad-based Black Economic Empowerment.

#### 2. Scope

- (1) This policy is applicable to all GKLM officials and must be strictly adhered to when:
  - a. Procuring goods and services;
  - b. Disposing of goods;
  - c. Service providers are selected other than in circumstances where chapter 8 of the MSA applies; or
  - d. External mechanisms referred to in section 80 (1) (b) of the MSA apply.
- (2) The above do not apply when procuring goods and services from state departments and public entities.

#### 3. Commencement

- (1) This policy takes effect from the date of adoption thereof by the GKLM Council.

#### 4. Amendment

- (1) The accounting officer must:
  - a. At least annually review the implementation of this policy; and
  - b. When the accounting officer considers it necessary, submit proposals for the amendment of this policy to the Council;
- (2) Deviations from the policy or the Regulations are to be reported to the National Treasury.

- (3) When amending this policy, the need for uniformity in supply chain practices and procedures must be taken into account.
- (4) The accounting officer must in terms of section 62 (1) (f) (iv) of the Act, take all reasonable steps to ensure that this policy is implemented.

**5. Goals**

- (1) The primary goal of GKLM’s supply chain management system is:
  - To ensure that the Municipality obtains the best value for money possible when it contracts for the supply of goods and services and the execution of works.
- (2) The secondary goals of the supply chain management system are:
  - To ensure that good Corporate Governance and ethical conduct is observed; and
  - To promote local economic development programmes through its procurement spend.

**6. Delegation**

- (1) The accounting officer is hereby delegated by Council all powers necessary to:
  - a. Discharge the supply chain management responsibilities conferred on accounting officers in terms of Chapter 8 or 10 and section 115 of the Act, and this Policy;
  - b. Maximise administrative and operational efficiency; and
  - c. Enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices.
- (2) No decision-making in terms of any supply chain management responsibilities may be delegated or sub-delegated to an advisor or consultant.
- (3) Delegated and sub-delegated officials may not make final bid awards other than through the bid committee system provided for in this policy.

**7. Sub delegations**

- (1) The accounting officer, in terms of section 79 and 106 of the Act, hereby sub-delegates the following power to make a final award, consistent with sub-paragraph (2) and paragraph 6 of this policy:

(2) Table 1: Final Award Structure

<b>Committee</b>	<b>Chairperson</b>	<b>Value Threshold</b>
Specification		R200 001 and above
Evaluation		R200 001 and above
Adjudication	Chief Financial Officer	R200 001 and above

## **8. Oversight role of council**

- (1) A councillor is prohibited from being a member of a bid committee or any other committee evaluating or approving quotations or bids, nor may he/she attend any such meetings as an observer.
- (2) Council has an oversight role to ensure that the accounting officer implements all supply chain management activities in accordance with this Policy.
- (3) For the purposes of such oversight the accounting officer must:
  - a. within 30 days of the end of each financial year, submit a report on the implementation of this policy or of any municipal entity under its sole or shared control, to council;
  - b. Whenever there are serious and material problems in the implementation of the this policy, immediately submit a report to council.
- (4) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of this policy to the Executive Mayor.
- (5) The reports must be made public in accordance with section 21A of the MSA.

## **9. SCM unit**

- (1) In terms of section 82 of the Act, the GKLM's Supply Chain Management unit will report directly to the Chief Financial Officer of the GKLM.

## **10. Training**

- (1) The training of officials involved in the implementation of this policy must take place in accordance with National Treasury guidelines and best practices.

## **11. Performance management**

- (1) Compliance to this policy will be included in the GKLM's performance measurement system for the relevant senior managers and their officials. On an annual basis the Supply Chain unit objectives will be established and measured as per the GKLM IDP.

## 12. Reporting

(1) The following information shall be reported at the indicated threshold levels to the relevant structure as follows:

<b>Report</b>	<b>Threshold level</b>	<b>Structure</b>
a. Progress report on the implementation of this policy within 10 days before the end of every quarter;	N/a	Chief Financial Officer
b. Consolidated report on the implementation of this policy at least 30 days before the end of the financial year;	N/a	Chief Financial Officer
c. All deviations from the implementation of this policy and any remedial action taken or envisaged;	Up to R100 000 (prepared by end-user department)	Accounting Officer
	R100 001 and above	Bid Adjudication Committee
d. Final awards made by the adjudication committees for the period including the name of the successful bidder, the value, the reasons, the preference achieved the procurement plan versus actual spend and preference goals. This must take place for all awards made through the bid committees structure and must be reported within 15 days after every month;	R200 001 and above	Bid Adjudication Committee
e. Award of unsolicited bids;	See "d." above	See "d." above
f. Award of variation orders;	See "d." above	See "d." above
g. Award of emergency purchases;	See "d." above	See "d." above
h. Award to close family members or persons in the service of the state or has been in the service of the state in the past 12 months;	N/a	All (through evaluation committee and relevant award committee).
i. Abuses found and remedial action taken; and	N/a	All (through evaluation committee and relevant award committee).
j. Declarations made and gifts received by officials.	N/a	All (through evaluation committee and relevant award committee).

## Chapter 2

### Part 1: Demand Management

#### 13. Format of supply chain management system

- (1) This Policy provides a system for –
  - a. Demand management;
  - b. Acquisition management;
  - c. Logistics management;
  - d. Disposal management;
  - e. Risk management; and
  - f. Performance management.

#### 14. System of demand management

- (1) Demand planning should consist of:
  - a. timely planning and management to ensure all goods and services are of appropriate quality and cost;
  - b. take into account any benefits of economies of scale derived in the case of repetitive acquisitions;
  - c. provide for the compilation of required specifications to meet the needs of the municipality;
  - d. provide for specific preference targets set;
  - e. undertake appropriate industry analysis to ensure that innovations and technological benefits are maximised
- (2) Demand management being the first element of the SCM function must ensure that:
  - a. resources required to fulfil the needs identified in the Integrated Development Plan are planned for by end-users and project managers, in order to achieve the institutional goals;
  - b. needs analysis is undertaken by end-user and project managers through the strategic planning session annually, identifying spend for the year and the next three years, resources required and confirmation of budgets;
  - c. end-users compile a clear specification and scope of work with a cost estimate and submit to procurement;
  - d. this culminates into a procurement plan with dates for timeous commencement of bidding processes to fulfil end-user requirements at the right time, quality and cost;
  - e. responsibility rests with the supply chain unit to monitor and assess validity, accuracy and compliance to the procurement plan and report any deviations against the plan;
  - f. a procurement planning document is compiled for each project, where, based on strategic sourcing principles, historical spend analysis and market analysis determines the best way to go to market;



- g. strategic sourcing methods are decided such as contracts for efficiency and risk management, expanding existing contracts, bulk purchases, stores items for safety stock and effective lead times in order to fulfil end-user requirements at the right time and quality, while keeping costs low;
- h. this strategic procurement plan is then used as a template to monitor efficient delivery of services for all goods over R200 000;and
- i. this strategic procurement plan together with its B-BBEE targets per purchase, is to be approved prior to publication of a bid.

## 15. Composing of procurement plan

- (1) The completion of the above-mentioned activities should result in the SCM units strategic procurement plan for the year, which indicates:
  - a. a description of the goods, works or services;
  - b. the end –user;
  - c. the contact person representing the end user;
  - d. estimated value;
  - e. date of submission of specifications;
  - f. date of advertisement of the bid;
  - g. closing date of the advertised bid;
  - h. estimated evaluation time;
  - i. envisaged date of the bid adjudication committee meeting;
  - j. envisaged date of approval; and
  - k. envisaged date of issuance of an official order etc.

## Part 2: Acquisition Management

### 16. System of Acquisition Management

- (1) The GKLM shall only acquire goods and services against an approved budget, confirmed by the head of the end-user department. The approved strategic procurement plan shall guide the acquisition of goods and services. Ad hoc needs identified must be approved by the head of department and be reported as such.
- (2) Acquisition management will ensure:
  - a. procurement of goods and services in accordance with authorised processes;
  - b. expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
  - c. threshold values for different procurement processes are complied with;
  - d. bid documentation, evaluation and adjudication criteria and general conditions of a contract are in accordance with any applicable legislation; and
  - e. Acquisition management guidelines stipulated by the National Treasury are properly taken into account.
- (3) When procuring goods and services contemplated in section 110 (2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including –
  - a. the type of goods and services; and
  - b. the name of the supplier.

### 17. Range of procurement processes

- (1) Goods and services can be procured by way of:
  - a. petty cash purchases, up to a transaction value of R 350 (VAT included);
  - b. at least three (3) verbal estimates and based on the lowest acceptable quote, one (1) written quotation for a transaction value over R 350 and up to R 2 000 (VAT included);
  - c. at least three (3) written quotations for procurements of a transaction value over R2 000 up to R30 000 (VAT included);
  - d. eliciting as many responses as possible by advertising for seven (7) days on the municipality's website for procurements of a transaction value over R30 000 up to R200 000 (VAT included); and
  - e. a competitive bidding process for-
    - i. procurement above a transaction value of R200 000 (VAT included); and
    - ii. the procurement of long term contracts.
- (2) The accounting officer may in writing;
  - a. Lower, but not increase, the threshold values specified above; or direct that –

- i. one (1) written quotations be obtained for any specific procurement of a transaction value lower than R2000;
  - ii. formal written price quotations be obtained for any specific procurement of a transaction value lower than R30 000; or
  - iii. a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.
- (3) Goods or services may not be deliberately split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.
- (4) All service providers' municipal accounts must not be in arrears for more than three months.

## **18. General preconditions for consideration of written quotations or bids**

- (1) A written quotation or bid may not be successful unless the service provider who submitted the quotation or bid-
- a. Has furnished his / her :
    - i. full name;
    - ii. identification number or company or other registration number; and
    - iii. tax reference number and VAT registration number, if any;
  - b. has furnished the municipality with an original valid tax clearance certificate from the South African Revenue Services ( from R15 000 and above);
  - c. has its tax matters in order; and
  - d. has indicated :
    - i. whether he/she is in the service of the state, or has been in the service of the state in the previous twelve months.
    - ii. if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
    - iii. whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

## **19. List of accredited service providers**

- (1) The Supply chain unit must keep a list of accredited prospective service providers that must be used for procurement requirements.
- (2) Listing criteria and a specification for prospective providers must be established and must comply with section 18 above and any other criteria specified.

- (3) Providers must be allowed to list at any time.
- (4) An annual invitation to apply for evaluation and listing must be made to the public through local newspapers and the website of the municipality and any other appropriate method.
- (5) Prospective service providers whose names appear on the National Treasury database must not be allowed to list.
- (6) The list must be updated with any new commodities and services on a quarterly basis. The accounting officer must approve any deletions before updates take place. Deletions may occur when a service provider is in direct contravention of this policy, identified fraud and corruption and if the listing criterion has not been met.

## **20. Petty Cash Purchases**

- (1) All goods and services with a value of up to R 350 (VAT included) must be purchased by means of a cash system.
- (2) The conditions for this type of procurement are as follows:
  - a. establish the terms by which a manager may delegate responsibility for petty cash purchases or the maximum amounts per month for each manager;
  - b. establish the limit of the number of petty cash purchases or the maximum amounts per month for each manager;
  - c. establish exclusionary expenditure items from petty cash where this is deemed necessary; and
  - d. A monthly reconciliation report from each manager to the chief financial officer including the total amount of petty cash purchases for that month and receipts and appropriate documents for each purchase.

## **21. One Written Quotation**

- (1) Conditions for the procurement of goods and services with a value of between R 351 to R2 000 through a written quotation are as follows:
  - a. at least three cost estimates are to be obtained telephonically. The lowest priced option that fulfils the need is then to be pursued by requesting a written quotation;
  - b. preference must be given to providers whose names appear on the list of accredited prospective providers;
  - c. quotations obtained from providers who are not listed must meet the listing criteria as referred to in section 19 of this policy;
  - d. as far as possible all suppliers must be afforded an opportunity to quote on a rotational basis;
  - e. splitting of requirements with the sole intention of circumventing any of the procurement listed is not allowed;
  - f. quotations must be submitted in writing as far as possible;

- g. the names of the potential service providers requested to provide such quotations, as well as their quoted prices must be recorded; and.
- h. if a quotation was submitted verbally ,the order may be placed only against written confirmation by the selected provider.

## 22. Three Written Quotations

- (1) Conditions for the procurement of goods or services with a value of between R 2 001 to R30 000 through a written quotation process are as follows:
  - a. quotations must be obtained from at least three different providers preferably from, but not limited to, service providers whose names appear on the list of accredited prospective providers;
  - b. preference must be given to providers whose names appear on the list of accredited prospective providers;
  - c. quotations obtained from providers who are not listed must meet the listing criteria as referred to in section 19;
  - d. as far as possible all suppliers must be afforded an opportunity to quote on a rotational basis;
  - e. splitting of requirements with the sole intention of circumventing any of the procurement listed is not allowed;
  - f. quotations must be submitted in writing;
  - g. the names of the potential service providers requested to provide such quotations, as well as their quoted prices must be recorded; and
  - h. if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected service provider.
  - i. if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer.

## 23. Formal written Quotations

- (1) Preconditions for the procurement of goods /services through formal written price quotation with a value of between R30 001 but not more than R200 000 are as follows:
  - a. written quotations must be elicited from as many service providers as possible by advertising bids on the GKLM website and the official notice board;
  - b. within three days of the end of each month any approvals given during that month must be reported by the official designated; and
  - c. names of potential service providers and their written quotations must be recorded.

## **a. Procedures for procuring goods and services through written quotations and formal written price quotations**

- (1) When goods or services are procured through written or verbal quotations or formal written price quotations, the following procedures must be adhered to:
  - a. when using the list of accredited prospective providers the accounting officer must promote on-going competition amongst providers by inviting providers to submit quotations on a rotation basis;
  - b. requirements in excess of R30 000 (VAT included) procured by means of formal written quotations must be advertised for at least 7 days on the website and the official notice-board;
  - c. offers received must be evaluated on a comparative basis taking into account unconditional discounts;
  - d. the Chief Financial Officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation;
  - e. offers above R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, and ability and capability to deliver the goods and services at the lowest price;
  - f. acceptable offers which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;
  - g. proper record keeping must be performed;
  - h. for any purchases of R30 000 and above, a check must be conducted against the National Treasury database to ensure that the prospective service providers name or that of their directors or shareholders or stakeholders do not appear on their list of defaulters;
  - i. frequent procurements of the same or similar goods or services, where the amount per transaction is less than R200 000.00, must be consolidated and a single contract must be concluded after having followed a competitive bidding process, in line with a strategic sourcing approach;
  - j. splitting of requirements with the sole intention of circumventing any of the range of procurement processes listed is not allowed; and
  - k. contractors must be registered with the Construction Industry Development Board.

## **24. Competitive bids**

- (1) Goods/Services exceeding a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process subject to the acquisition system as set out in section 16 of this policy.
- (2) Goods or services above an estimated value of R200 000, may not be split into parts or items of lesser value for the sake of procuring the goods or services otherwise than through a competitive bidding process.

## 25. Process for competitive bidding

- (1) The procedural stages of a competitive bidding process are as follows:
  - a. the compilation of bidding documentation;
  - b. the public invitation of bids;
  - c. site meetings or briefing sessions, if applicable;
  - d. the handling of bids submitted in response to public invitation;
  - e. the evaluation of bids;
  - f. the award of contracts; and
  - g. the administration of contracts:
    - i. after approval of a bid, the accounting officer or delegated authority and the bidder must enter into a written agreement;
    - ii. proper record keeping must be maintained; and
    - iii. original / legal copies of written contract agreements should be kept in a secure place for reference purposes.

## 26. Bid documentation for competitive bids

- (1) The criteria for bid documentation for a competitive bidding process must:
  - a. take into account:
    - i. the general conditions of contract and any special conditions of contract, if specified;
    - ii. any National Treasury guidelines on bid documentation; and
    - iii. the requirements of the CIDB, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure.
  - b. include the preference points system to be used, goals as contemplated in the preferential procurement regulations and the procurement plan and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
  - c. compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
  - d. if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish:
    - i. if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
      - (a) for the past three years; or
      - (b) since their establishment if established during the past three years;

- ii. a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than ninety (90) days (municipal billing rates clearance certificate);
- iii. particulars of any contracts awarded to the bidder by an organ of state during the past five years, including Particulars of any material non-compliance or dispute concerning the execution of such contract;
- iv. a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
- v. stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), failing which, in a South African court of law.

## **27. Public invitation for competitive bids**

(1) The invitation of competitive bids is to be handled as follows:

- a. any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin or a national newspaper as well as a recognised professional body or association);
- b. the information contained in a public advertisement, must include –
  - i. the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subsection (2) of this policy; and
  - ii. a statement that bids may only be submitted on the bid documentation provided by the municipality.
- c. the accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process;
- d. bids submitted must be sealed; and
- e. where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

## **28. Procedure for handling, opening and recording bids**

(1) Bids-

- a. must be opened in public
- b. must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and



- c. received after the closing time should not be considered and must be returned unopened immediately.
- (2) Bidders and members of the public have the right to request that the names of the bidders who submitted bids in time must be read out and if practical, also each bidders total bidding price.
- (3) No information, except the provisions in paragraph (2) relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award.
- (4) The following record-keeping must be performed:
  - a. record in a register all bids received in time;
  - b. avail the register for public inspection; and
  - c. publish the entries in the register and the bid results on the website.

## **29. Negotiations with preferred bidders**

- (1) The final terms of a contract may be negotiated with bidders identified through a competitive bidding process provided that negotiation:
  - a. does not allow any bidder a second or unfair opportunity;
  - b. is not to the detriment of any other bidder; and
  - c. does not lead to a higher bid than originally submitted.
- (2) The negotiation process may be used when:
  - a. procuring goods and services from single or sole suppliers;
  - b. negotiating the terms and conditions of the contract concluded with the preferred bidder; and
  - c. negotiating annual price increases.
- (3) The bidding document or request for quotation document must specify that negotiations will be conducted in finalizing the award.
- (4) Minutes of such negotiations must be kept for record purposes.
- (5) The approval or mandate to negotiate with any supplier must be obtained in writing from the accounting officer or delegated official, as contemplated in terms of the municipality's delegation policy.
- (6) The approval or mandate to negotiate must address at least the following:
  - (a) reasons for negotiations;
  - (b) negotiation parameters;
  - (c) objectives of the negotiations; and
  - (d) supplier(s) to be negotiated with.

- (7) The outcome of the negotiation must be approved by the bid adjudication committee before the contract can be awarded to the preferred bidder.
- (8) Records of all negotiations must be kept and submitted to the committee during the award.

### **30. Two stage bidding process**

- (1) A two-stage bidding process is allowed for –
  - a. large complex projects;
  - b. projects where it may be undesirable to prepare complete detailed technical specifications; or
  - c. long term projects with a duration period exceeding three years.
- (2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- (3) In the second stage final technical proposals and priced bids should be invited.

### **31. Committee system for competitive bids**

- (1) The following committee system is established for competitive bids:
  - a. a bid specification committee;
  - b. a bid evaluation committee; and
  - c. bid adjudication committees.
- (2) Appointment of members in writing to each committee for each competitive bidding process are done in terms of section 117 of the Act, where no councillor may be a member of any of the committees or attend the committee meetings as an observer.
- (3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with:
  - a. sections 33, 34 and 35 of this policy; and
  - b. any other applicable legislation.
- (5) The accounting officer may apply the committee system to formal written price quotations.

### **32. Bid Specification committees**

- (1) The bid specification committee may compile the specifications for procurements of goods or services when necessary.
- (2) Specifications –
  - a. must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;

- b. must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
  - c. must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
  - d. may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
  - e. may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the words “equivalent”;
  - f. must indicate each specific goal for which points may be awarded in terms of the points system set out in terms of the PPPFA; and
  - g. must be approved by the accounting officer prior to publication of the invitation for bids.
- (3) The bid specification committee must be composed of one or more officials of the municipality, preferably the manager responsible for the function involved, as well as a senior supply chain official, and may, when appropriate, include external specialist advisors.
- (4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

### **33. Bid evaluation committees**

- (1) The bid evaluation committee must –
- a. evaluate bids in accordance with –
    - i. the specifications for a specific procurement;
    - ii. functionality scoring where applicable as set out in terms of the PPPFA; and
    - iii. the preference point system set out in terms of the PPPFA;
  - b. evaluate each bidder’s ability to execute the contract;
  - c. ensure in respect of the recommended bidder that its municipal rates and taxes and municipal service charges are not in arrears by more than thirty (30) days by submitting a valid rates clearance certificate; and
  - d. submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.
- (2) The bid evaluation committee must as far as possible be composed of –
- a. officials (technical experts) from departments requiring the goods or services;

- b. at least one supply chain management practitioner of the municipality to ensure compliance with SCM procedures.
- (3) Bid Evaluation panels may be composed in respect of functionality assessments where required. The accounting officer may evaluate each technical bid using an evaluation panel consisting of three or more specialists in their field of expertise. For the sake of impartiality, members of bid committees in respect of the bid under consideration should not act as panel members.
- (4) Officials conducting the functionality assessment must be appointed by the relevant head of department.
- (5) Should specialists in their field of expertise not exist internally, external specialists may be appointed.
- (6) A supply chain management official, appointed by the Chief Financial Officer or delegated official, must be present at each functionality assessment to ensure that the process is fair.

### 34. Bid adjudication committees

- (1) The bid adjudication committee must –
  - a. consider the report and recommendations of the bid evaluation committee; and
  - b. either –
    - i. depending on the extent of its delegated authority, make a final award or a recommendation to the accounting officer to make the final award; or
    - ii. make another recommendation to the accounting officer on how to proceed with the relevant procurement.
- (2) The bid adjudication committee must consist of at least four senior managers of the Municipality which must include –
  - a. the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer;
  - b. at least one senior supply chain management practitioner who is an official of the Municipality; and
  - c. a technical expert in the relevant field who is an official, if such an expert exists.
  - d. Quorum: the Bid Adjudication Committee cannot undertake business without a quorum present, consisting of half plus one of its total membership with voting power (rounded to the nearest whole number). For example, if there are four members in total, the quorum required is three members
  - iii. The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
  - iv. Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.

- v. If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –
- (2) check in respect of the preferred bidder whether that bidder’s municipal rates and taxes and municipal service charges are not in arrears older than 30 days, and;
  - (3) Notify the accounting officer.
    - vi. The accounting officer may –
      - a. after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred; and
      - b. if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
    - vii. The accounting officer may, at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
    - viii. If a tender other than the recommended tender is approved, then the accounting officer must comply with section 114 of the Municipal Finance Management Act 56 of 2003 within 10 working days.

### **35. Advisors**

- (1) The accounting officer may procure the services of advisors to assist in the execution of the supply chain management function. In this regard:
  - a. these services must be obtained through a competitive bidding process;
  - b. no advisor may, participate in the final decision-making process regarding the award of bids; and,
  - c. the accounting officer may not delegate decision-making authority to an advisor.

### **36. Procurement of banking services**

- (1) A contract for the provision of banking services to the Municipality:
  - a. must be procured through competitive bids;
  - b. must be consistent with section 7 or 85 of the Municipal Finance Management Act 56 of 2003; and
  - c. may not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- (3) The closure date for the submission of bids may not be less than sixty (60) days from the date on which the advertisement is placed in a newspaper in terms of section 27(1) of this policy. Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

### **37. Procurement of IT related goods or services**

- (1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (2) Both Parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (3) The accounting officer must notify SITA together with a motivation of the IT needs if:
  - a. the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
  - b. the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- (4) If SITA comments on the submission and the Municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the provincial treasury and the Auditor General.

### **39. Procurement of catering services – Standardize price**

- (1) Caterers must be selected on a rotation basis. Monitoring will be undertaken by the Supply Chain Management Unit by means of a consolidated register.
- (3) If catering services are required in an area where there are no registered catering service providers on the database, then the normal procurement process will apply.
- (4) The SCM Unit shall review the rates paid for catering services and make recommendations to the Accounting Officer where necessary.

### **40. Procurement of goods and services under contracts secured by other organs of state**

- (1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –
  - a. the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
  - b. there is no reason to believe that such contract was not validly procured;
  - c. there are demonstrable discounts or benefits to do so; and
  - d. that other organ of state and the service provider have consented to such procurement in writing.
- (2) Subsections (1)(c) and (d) do not apply if the Municipality procures goods or services through a contract secured by a municipal entity of which it is the parent Municipality.

## 41. Procurement of goods necessitating special safety arrangements

- (1) The acquisition and storage of goods in bulk (other than water) which necessitate special safety arrangements, including gases and fuel, should be avoided whenever possible.
- (2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

## 42. Proudly SA campaign

- (1) The accounting officer must determine internal operating procedures supporting the Proudly SA Campaign to the extent that preference is given, in the following order, to procuring local goods and services from suppliers and businesses located:
  - a. within the jurisdiction of the GKLM
  - b. within the Eastern Cape Province; and
  - c. within the RSA.

## 43. Appointment of consultants

- (1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.
- (2) Consultancy services must be procured through competitive bids if:
  - a. the value of the contract exceeds R200 000 (VAT included); or
  - b. the duration period of the contract exceeds one year.
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish Particulars of –
  - a. all consultancy services provided to an organ of state in the last five years; and
  - b. any similar consultancy services provided to an organ of state in the last five years.
- (4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipal entity.
- (5) For further guidelines on the appointment of consultants the accounting officers' guide for municipalities may be consulted.

### (6) Operational Cost - consultants

- GKM will only make use of consultants where the necessary skills or time are not available within the GKM to carry out the required work.
- The relevant budget-holder will be responsible for engaging consultants according to the relevant procurement procedures.

- Where operational costs relate to the engagement of consultants, the following guiding principles will apply;

➤ **Pre-conditions for soliciting a consultancy**

Consultancies will only be considered where:

- The required task is clearly identified as beyond the skill or time capacity of GKM staff;
- The proposed consultant's reporting relationship to GKM (responsibility for administration of the contract and performance) is clearly identified; and
- Authorisation has been secured in terms of procurement processes.

➤ **Standards and specifications**

All consultant quotes considered by GKM must include:

- Qualifications, expertise and experience relevant to the task;
- Experience in the sector and the relevant field;
- References;
- A work plan for the specific task methodology and a schedule that is an indication of progression;
- Detailed cost estimates including billable hours (where relevant), expenses, manner and time of payment; and
- Implied benefits to the Great Kei Municipality's policies regarding skills transfer and affirmative/corrective action with race and gender.
- monitoring and evaluating contractor performance and outputs against project specifications and targets and should take remedial action if performance is below standard;
- Selection based on consultants' qualifications and may be used for very small assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases, the accounting officer should prepare the TOR, request expressions of interest and information on the consultants' experience and competence relevant to the assignment and select the firm with the most appropriate qualifications and references. The selected firm should be requested to submit a combined technical-financial proposal and then be invited to negotiate the contract.

A written contract will be signed prior to appointment, which includes all standards, specifications, expectations, specific outcomes, deadlines and conditions for termination.

71. The purpose of this chapter is to explain the procedures for selecting, contracting, and monitoring consultants required for projects. In general, the procedures described in the previous chapters apply. Only the peculiarities of appointing consultants are dealt with herein, as the services to which these procedures apply are of an intellectual and advisory nature.

Where a conflict in interpretation or application arises between the contents of this chapter and the provisions contained elsewhere in this policy, the latter shall prevail.

**Consultants Defined**

72. (1) The term consultants includes consulting firms, engineering firms, construction managers, management firms, procurement agents, inspection agents, auditors, other multinational organizations, investment and merchant banks, universities, research agencies, government agencies, non-governmental organizations (NGO's), and individuals.

(2) Accounting officers may use the organizations listed in subsection 69(1) above as consultants to help in a wide range of activities such as policy advice, accounting officer's/authority's reform management, engineering services, construction supervision, financial services, procurement services, social and environmental studies, and identification, preparation, and implementation of projects to complement accounting officers' capabilities in these areas.



## Need for appointment

73. Consultants should only be engaged when –

- (a) the necessary skills and/or resources to perform a project/duty/study are not available; and
- (b) the accounting officer cannot be reasonably expected either to train or to recruit people in the time available.

## Nature of appointment

74. (1) Appointment by means of a formal contract

The relationship between the accounting officer and the consultant should be one of purchaser/provider and not employer/employee.

The work undertaken for the accounting officer by a consultant should be regulated by a contract.

In procuring consulting services the accounting officer should satisfy himself/herself that:

- (i) the procedures to be used will result in the selection of consultants who have the necessary professional qualifications;
- (ii) the selected consultant will carry out the assignment in accordance with the agreed schedule, and
- (iii) the scope of the services is consistent with the needs of the project.

(2) Selection methods for the appointment of consultants

The accounting officer should be responsible for preparing and implementing the project, for selecting the consultant, awarding and subsequently administering the contract, as well as for the payment of consulting services under the project.

While the specific rules and procedures to be followed for employing consultants depend on the circumstances of the particular case, at least the following four major considerations should guide the accounting officer on the selection process:

- (i) the need for high-quality services;
- (ii) the need for economy and efficiency;
- (iii) the need to give qualified consultants an opportunity to compete in providing the services; and
- (iv) the importance of transparency in the selection process.

(c) The particular method to be followed for the selection of consultants for any given project should be selected by the accounting officer in accordance with the criteria outlined in treasury guidelines.

The method of selection is determined by the scope of the assignment, the quality of service, the complexity of the assignment and whether assignments are of a standard and routine nature.

The following are the methods most generally used for the appointment of consultants:

- (i) Quality and Cost Based Selection (QCBS)

In the majority of cases, the abovementioned major considerations can best be addressed through competition among firms in which the selection is based both on the quality of the services to be rendered and on the cost of the services to be provided, i.e. Quality and Cost-Based Selection (QCBS). This method is used in the event of an assignment not complex or specialized.

Cost as a factor of selection should be used judiciously.

The relative weight to be given to the quality and cost should be determined for each case depending on the nature of the assignment.

Investment and commercial banks, financial firms, and fund managers hired by accounting officer for the sale of assets, issuance of financial instruments, and other corporate financial transactions, notably in the context of privatization operations, should be selected under QCBS.

Auditors typically carry out auditing tasks under well-defined Terms of Reference (TOR) and professional standards. They should be selected according to QCBS, or by the “Least Cost Selection”. When consultants are appointed to execute an audit function on behalf of the accounting officer, the tariffs agreed by the Auditor-General and the South African Institute for Chartered Accountants (SAICA) may be used as a guideline to determine the appropriate tariff or to, determine the reasonableness of the tariffs. These tariffs can be obtained from SAICA’s website under [www.saica.co.za](http://www.saica.co.za). The tariffs are captured in a circular issued by SAICA.

In some circumstances, QCBS is not the most appropriate method for selecting consultants, and other methods are more appropriate. This section describes other selection methods and the circumstances under which they are generally appropriate.

(ii) Quality Based Selection (QBS)

(aa) QBS is appropriate for the following types of assignments:

(aaa) complex or highly specialized assignments for which consultants are expected to demonstrate innovation in their proposals (for example, financial sector reforms) for which it is difficult to define TOR and the required input from the consultants, and for which the client expects the consultants to demonstrate innovation in their proposals (for example, country economic or sector studies, multi-sectoral feasibility studies, design of a hazardous waste remediation plant or of an urban master plan, financial sector reforms);

(bbb) Assignments that have a high downstream impact and in which the objective is to have the best experts (for example, feasibility and structural engineering design of such major infrastructure as large dams, policy studies of national significance, management studies of large government agencies); and

(ccc) assignments that can be carried out in substantially different ways, such that proposals will not be comparable (for example, management advice, and sector and policy studies in which the value of the services depends on the quality of the analysis).

(bb) In QBS, the Request for Proposals (RFP) may request submission of a technical proposal only (without the financial proposal), or request submission of both technical and financial proposals at the same time, but in separate envelopes (two-envelope system). The RFP should not provide the estimated budget, but it may provide the estimated number of key staff time, specify that this information is given as an indication only, and that consultants should be free to propose their own estimates.

(cc) If technical proposals alone were invited, after evaluating the technical proposals using the same methodology as in QCBS, the accounting officer should request the consultant with the highest ranked technical proposal to submit a detailed financial proposal. The accounting officer and the consultant should then negotiate the financial proposal and the contract. All other aspects of the selection process should be identical to those of QCBS. If, however, consultants were

requested to provide financial proposals initially together with the technical proposals, safeguards should be built in to ensure that the price envelope of only the selected proposal is opened and the rest returned unopened, after the negotiations are successfully concluded.

(iii) Selection under a fixed budget

The method is appropriate only when the assignment is simple and can be precisely defined and when the budget is fixed. The RFP should indicate the available budget and request the consultants to provide their best technical and financial proposals in separate envelopes, within the budget. The TOR should be particularly well prepared to ensure that the budget is sufficient for the consultants to perform the expected tasks. Evaluation of all technical proposals should be carried out first as in the QCBS method where after the price envelopes should be opened in public. Proposals that exceed the indicated budget should be rejected. The consultant who has submitted the highest ranked technical proposal should be selected and invited to negotiate a contract.

(iv) Least-cost selection

This method is more appropriate to selection of consultants for assignments of a standard or routine nature (audits, engineering design of noncomplex works, and so forth) where well-established practices and standards exist, and in which the contract amount is small. Under this method, a “minimum” qualifying mark for the “functionality” is established. Proposals to be submitted in two envelopes are invited. Potential suppliers may be obtained from the list of approved service providers. Technical envelopes are opened first and evaluated. Those securing less than the minimum mark should be rejected and the financial envelopes of the rest are opened in public. The firm with the highest points should then be selected. Under this method, the qualifying minimum mark should be established, keeping in mind that all proposals above the minimum compete only on “cost” and points for B-BBEE status level of contributor. The minimum mark to qualify should be stated in the RFP.

(v) Single-source selection

(aa) Single-source selection of consultants does not provide the benefits of competition in regard to quality and cost and lacks transparency in selection, and could encourage unacceptable practices. Therefore, single-source selection should be used only in exceptional cases. The justification for single-source selection should be examined in the context of the overall interests of the client and the project.

(bb) Single-source selection may be appropriate only if it presents a clear advantage over competition:

(aaa) for tasks that represent a natural continuation of previous work carried out by the firm;

(bbb) where rapid selection is essential (for example, in an emergency operation);

(ccc) for very small assignments; or

(ddd) when only one firm is qualified or has experience of exceptional worth for the assignment.

(cc) The reasons for a single-source selection must be recorded and approved by the accounting officer or his/her delegate prior to the conclusion of a contract.

(dd) When continuity for downstream work is essential, the initial RFP should outline this prospect and if practical, the factors used for the selection of the consultant should take the likelihood of continuation into account. Continuity in the technical approach, experience acquired, and continued professional liability of the same consultant may make continuation with the initial consultant preferable to a new competition, subject to satisfactory performance in the initial assignment. For such downstream assignments, the accounting officer should ask the initially

selected consultant to prepare technical and financial proposals on the basis of TOR furnished by the accounting officer, which should then be negotiated.

(ee) If the initial assignment was not awarded on a competitive basis or was awarded under tied financing or reserved procurement or if the downstream assignment is substantially larger in value, a competitive process acceptable to the accounting officer should normally be followed in which the consultant carrying out the initial work is not excluded from the consideration if it expresses interest.

(vi) Selection based on consultants' qualifications

This method may be used for very small assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases, the accounting officer should prepare the TOR, request expressions of interest and information on the consultants' experience and competence relevant to the assignment and select the firm with the most appropriate qualifications and references. Potential suppliers may be obtained from the list of accredited service providers. The selected firm should be requested to submit a combined technical-financial proposal and then be invited to negotiate the contract.

(vii) Selection of individual consultants

(aa) Individual consultants may normally be employed on assignments for which:

(aaa) teams of personnel are not required;

(bbb) no additional outside (home office) professional support is required; and

(ccc) the experience and qualifications of the individual are the paramount requirement.

(bb) When coordination, administration, or collective responsibility may become difficult because of the number of individuals, it would be advisable to employ a firm.

(cc) Individual consultants should be selected on the basis of their qualifications for the assignment. They may be selected on the basis of references or through comparison of qualifications among those expressing interest in the assignment or approached directly by the accounting officer. Individuals employed by the accounting officer should meet all relevant qualifications and should be fully capable of carrying out the assignment. Capability is judged on the basis of academic background, experience and, as appropriate, knowledge of the local conditions, such as local language, culture, administrative system, and local government environment.

(dd) From time to time, permanent staff or associates of a consulting firm may be available as individual consultants. In such cases, the conflict of interest provisions described in these guidelines should apply to the parent firm.

#### 44. Deviation from procurement processes

- (1) The procedures governing procurement in this policy may be dispensed with in the following situation:
  - a. in an emergency as described in section 44;
  - b. Urgent;
  - c. Impractical or impossible to follow the supply chain management process
  - d. if such goods or services are produced or available from a single provider only;
  - e. for the acquisition of special works of art or historical objects where specifications are difficult to compile;
  - f. Acquisition of animals for zoos and/or nature and game reserves; and
  - g. Acquisition of breeding stock.
- (2) 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 must be ratified.
- (3) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) and report them to the next meeting of the council and include as a note to the annual financial statements.
- (4) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph (1)(c - e) above.

#### 45. Emergency dispensation

- (1) The conditions warranting an emergency dispensation must include the existence of one or more of the following:
  - a. the real and imminent risk of human injury or death;
  - b. the prevalence of human suffering and deprivation of fundamental human rights;
  - c. the real and imminent risk of substantial damage to property and the suffering or death of livestock or other animals;
  - d. the significant interruption of essential services, including transportation, communication or other support services critical to the effective functioning of the municipality as a whole; and
  - e. the real and imminent risk of serious damage occurring to the natural environment.
- (2) The aforesaid conditions must be of such a nature and scale that they cannot readily be alleviated by interim measures to permit the implementation of standard procurement procedures.
- (3) An emergency dispensation shall not be approved in respect of any circumstances other than those contemplated in sub-paragraph (1).

- (4) Where possible, three quotes must be obtained, in accordance with general acquisition management principles, and a report must be submitted to the accounting officer for approval.
- (5) In situations where time is of the essence, the emergency shall be addressed immediately and the process must be formalized in a report to the accounting officer as soon as possible thereafter.

#### **46. Extension of contracts**

- (1) Requests for extension of contracts must be considered by the accounting officer or the delegated authority.
- (2) Any extension of a contract must be done in accordance with the provisions of the contract itself and in compliance with the municipality's delegation policy, provided that:
  - a. the requirements of section 33 of the MFMA are met; and
  - b. the extension of the contract does not amount to the provision of new goods or services, such that the purposes of this policy are defeated.

#### **47. Renewal of contracts**

- (1) The renewal of contracts must be treated in accordance with the principles set out in our constitution, applied mutatis mutandis to the contract in question.
- (2) In the case of computer software renewals/license fees, it is normally required that GKLM pay renewal / license fees for the continual use of the product. The Accounting Officer or the delegated authority must approve such renewals/license fees.

#### **48. Unsolicited Bids**

- (1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- (2) The accounting officer may decide in terms of section 113(2) of the MFMA to consider an unsolicited bid, but only if –
  - a. the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
  - b. the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
  - c. the person who made the bid is the sole provider of the product or service; and
  - d. the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- (3) In this regard, the SCM Unit must submit a report to the accounting officer, seeking approval to take the unsolicited bid process further.
- (4) If the accounting officer decides to consider an unsolicited bid that complies with subsection (2), then the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –

- a. reasons as to why the bid should not be open to other competitors;
  - b. an explanation of the potential benefits for the Municipality if the unsolicited bid were accepted; and
  - c. an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (5) For purposes of transparency and fairness, an unsolicited bid must be advertised for fourteen (14) days, requesting proposals from other interested Parties, provided that:
- a. the request for proposal must be of a standard format and must not prejudice the intellectual property rights of the unsolicited bidder; and
  - b. prior to advertising the unsolicited bid, the bidder will be informed of the municipality's intention in this regard.
- (6) All written comments received pursuant to subsection (4), including any responses from the unsolicited bidder, must be submitted to the National Treasury and the relevant provincial treasury for comment.
- (7) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
- (8) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- (9) When considering the matter, the adjudication committee must take into account:
- a. any comments submitted by the public; and
  - b. any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- (10) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- (11) Such submission must be made within seven (7) days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.
- (12) The Municipality reserves the right to award the bid to any third Party who responds to the request for a proposal, subject to the principles contained in this policy.
- (13) The Municipality may reject any bidder who submits an unsolicited bid prepared on the basis of privileged or confidential information.

## **49. Combatting abuse of the supply management system**

- (1) The accounting officer must:
- a. take all reasonable steps to prevent abuse of the supply chain management system;

- b. investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this policy, and when justified:
    - i. take appropriate steps against such official or other role player; or
    - ii. report any alleged criminal conduct to the South African Police Service
  - c. to check the National Treasury's database prior to awarding any contract to prohibited from doing business with the public sector;
  - d. to reject any bid from a bidder:
    - i. if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the Municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or
    - ii. who during the last five years has failed to perform satisfactorily on a previous contract with the Municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
    - iii. who during the last five years has failed to perform satisfactorily on a previous contract with the Municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
  - e. to cancel a contract awarded to a person if –
    - i. the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
    - ii. an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
  - f. to reject the bid of any bidder if that bidder or any of its directors:
    - i. has abused the supply chain management system of the Municipality or has committed any improper conduct in relation to such system;
    - ii. has been convicted for fraud or corruption during the past five (5) years;
    - iii. has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five (5) years; or
    - iv. has been listed in the Register for Tender Defaulters in terms section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004) or has been listed on National Treasury's database as a person prohibited from doing business with the public sector.
- (2) The accounting officer must inform the National Treasury and relevant Provincial Treasury in writing of any actions taken in terms of subsections (1)(b)(ii), (e) or (f) of this policy.



## **Part 3A: Logistics Management**

### **50. Logistics Management**

- (1) An effective logistics management system must be established within the municipality. The following aspects may be included:
- a. location of stores – centralised or decentralised;
  - b. reporting lines should fall within the supply chain management system;
  - c. a classification system for goods and services;
  - d. how stock will be valued;
  - e. monitoring of stock levels;
  - f. stock replenishment by means of order fulfilment or contracts;
  - g. adherence to health and safety standards in the transport and storage of items for both officials and service providers;
  - h. controls for goods receiving and expediting (ensuring the correct goods and services are delivered on time at the correct price and quality in accordance with the specification and quotation);
  - i. the issuing of stock against internal requisitions, work orders and policies;
  - j. transport management;
  - k. vendor performance system; and
  - l. contract administration must include a description of the documents to be administered, the designated contract manager assigned e.g. the finance director for the internal audit contract, and responsibilities and duties of the same e.g. ensuring signature of document, original document safe-keeping, capture of information onto a system, monitoring of the contract conditions, managing performance and variations.

## **Part 3B: Disposal Management**

### **51. Disposal Management**

- (1) In terms of section 14 and 90 of the Act the GKLM's assets will be disposed of based on the application of the following criteria:
- a. assets may not be disposed of if they are deemed useful in another manner within the municipality; (upon receipt of a requisition, a buyer should consider how the need is to be fulfilled. Is it from internal source, external source? This may create an opportunity for redundant assets to be made useful again thereby saving on costs);
  - b. unserviceable, redundant or obsolete assets must be identified annually and a report submitted to council for approval.
- (2) The manner in which assets may be disposed of are:

- a. determine whether the asset can be transferred to another organ of state at market related value or, where appropriate free of charge;
- b. in the case of free disposal of computers, the provincial department of education should be approached to indicate within thirty (30) days whether the local schools are interested;
- c. if no transfer or donation can be made, the asset can be either by way of written price quotation, competitive bidding process, auction or a market related price;
- d. if assets are to be discarded, they should as far as possible be made available to recycling first based on the nature of the asset and the applicable health and safety regulations;
- e. immovable property, when it is to be sold or let, must be at market related prices; fees relating to letting of immovable property should be annually reviewed;
- f. when assets are traded in for other assets the highest possible price should be negotiated/obtained for the trade-in; and
- g. firearms are not sold or donated unless approved by the National Conventional Arms Control Committee.

## Part 3C: Risk Management

### 52. Risk Management

- (1) Risk will be managed through a system of identification, consideration and avoidance of potential risks in the supply chain environment.
- (2) The criteria to be used are as follows:
  - a. the identification of risks on a case by case basis within each stage of supply chain management;
  - b. the allocation of risks to the Party best suited to manage such risks;
  - c. acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
  - d. the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
  - e. the assignment of relative risks to the contracting Parties through clear and unambiguous contract documentation.

### 53. Cessions

- (1) A cession agreement may be concluded by the municipality, a contractor, supplier, service provider or financial institution and any other third party in order to assist emerging and HDI entrepreneurs.
- (2) The municipality will allow a financial institution or development agency or another supplier to assist a contractor, supplier or service provider to implement projects on behalf of the employer.
- (3) Potential service providers must declare at the quotation stage that a cession agreement would be required for delivery. The award would then be subject to the cession agreement taking place beforehand.
- (4) When entering into a cession agreement for bridging finance, bridging finance will be restricted to a maximum of 80% of the total contract value.
- (5) The conclusion of a cession agreement shall be approved at the discretion of the accounting officer up to an amount of R200 000.00 only.

## 54. Surety

(1) Sureties must be obtained in respect of construction projects, classified as follows:

AMOUNT	PERCENTAGE
R300 000	Nil
R300 001-R1 000 000	2.5%
R1 000 001-R3 000 000	5%
R3 000 001-R5 000 000	7.5%
R5 000 001- and above	10%

(2) In the event that a contractor is unable to raise the required surety, the municipality may allow such surety to be deducted in full or part from monies that are to become due to the contractor, in which event this shall be effected by way of deductions from the first three (3) payment certificates issued in favour of the contractor.

(3) The Municipality may waive the requirement for a surety on construction contracts that are estimated to be equal to or lower than one million rand (R 1 000 000).

(4) With regard to the waiving of sureties:

- a. this may be permitted to assist emerging and HDI entrepreneurs in the small works sector of the construction industry;
- b. it may further be permitted where a surety, a performance guarantee or funds cannot be obtained with the assistance of the government development agencies or a similar institution, provided that a written indication thereof is submitted to the municipality; and
- c. the municipality may bear the risks associated with such waiver in order to promote emerging and HDI entrepreneurs.

(5) No contractor, supplier or service provider may be permitted to undertake more than two contracts simultaneously where sureties have been waived.

(6) Sureties will be released from their obligations upon their application to the municipality and provided that the municipality is satisfied that the contract has been completed satisfactorily.

## 55. Retention

(1) A percentage of the costs in respect of construction contracts must be set aside as retention funds.

(2) No more than ten (10) % of the value of the construction contract must be set aside for purposes of subsection (1).

(3) With regard to the release of retention funds:

- a. half of the retention funds shall be released upon the issue of a completion certificate;  
and
- b. the balance of the retention funds shall be released upon completion of the defects liability period.

## **56. Unauthorised, irregular, fruitless and wasteful expenditure**

- (1) The prevention, identification and investigation of unauthorized, irregular, fruitless and wasteful expenditure and the application of appropriate responses to these in accordance with the law, must be addressed.
- (2) All instances of unauthorized, irregular, fruitless and wasteful expenditures must be reported to the executive mayor, the MEC for local government in the province, the Auditor-General, disclosed in the annual report, and to council as required by section 32 and 74 of the MFMA.
- (3) The accounting officer (who may delegate the task to the chief financial officer) must set-up and maintain a Registers for Unauthorized, Irregular, Fruitless and Wasteful Expenditures.

## Part 3D: Performance Management

### 57. Performance Management

- (1) In order to ensure continuous improvement, a performance management system must be established, on a retrospective basis, to establish whether the following objectives are achieved:
- a. preferential procurement goals have been achieved;
  - b. value for money has been attained;
  - c. proper processes have been followed;
  - d. the supply chain policy has not been circumvented;
  - e. the supply chain policy has been implemented;
  - f. savings have been generated, whether through bulk buying efficiencies or contracts;
  - g. stores efficiencies through effective layout and internal service have been achieved;
  - h. contract breach has occurred either on the municipality side or that of the service provider;
  - i. cost efficiencies have occurred such as the implementation of a sole supplier;
  - j. variation costs;
  - k. supplier performance has been assessed and the ratings serve as a tool to inform future supplier development and supply chain objectives and achievements; and
  - l. whether governments' broader policy focus on trade, small business development, preference of buying local and anti-corruption measures are being complied with.

## Part 4: Other Matters

### 58. Other Matters

#### (1) Prohibition on awards to persons whose tax matters are not in order

- a. the accounting officer must ensure that, irrespective of the procurement process followed, no award is given to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- b. before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.
- c. if SARS does not respond within seven (7) days such person's tax matters may for purposes of subsection (1) be presumed to be in order.

#### (2) Prohibition on awards to persons in the service of the state

- a. the accounting officer must ensure that irrespective of the procurement process followed, no award may be given to a person –
  - i. who is in the service of the state;
  - ii. if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
  - iii. who is an advisor or consultant contracted with the municipality

#### (3) Awards to close family members of persons in the service of the state

- a. the notes to the annual financial statements must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –
  - i. the name of that person;
  - ii. the capacity in which that person is in the service of the state; and
  - iii. the amount of the award.

#### (4) Compliance with ethical standards

- a. in order to create an environment where business can be conducted with integrity and in a fair and reasonable manner, the GKLM will strive to ensure that the accounting officer and all representatives of the municipality involved in supply chain management activities shall act with integrity and in accordance with the highest ethical standards.
- b. all municipal representatives shall adhere to the code of conduct for municipal staff contained in Schedule 2 of the Municipal Systems Act and the GKLM's Code of Ethical Standards.
- c. a Code of Ethical Standards is hereby established, in accordance with subsection (b), for officials and other role players in the supply chain management system in order to promote:

- i. mutual trust and respect; and
  - ii. an environment where business can be conducted with integrity and in a fair and reasonable manner.
- d. an official or other role player involved in the implementation of the supply chain management policy –
- i. must treat all providers and potential providers equitably;
  - ii. may not use his or her position for private gain or to improperly benefit another person;
  - iii. may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person;
  - iv. notwithstanding subsection (d.) (iii.) must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
  - v. must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the municipality;
  - vi. must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
  - vii. must be scrupulous in his or her use of property belonging to the municipality;
  - viii. must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
  - ix. must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
    - (a) any alleged fraud, corruption, favouritism or unfair conduct;
    - (b) any alleged contravention of this policy; or
    - (c) any alleged breach of this Code of Ethical Standards.
- e. The Municipality shall ensure that:
- i. all declarations in terms of subsections (d) (iv) and (v) must be recorded in a register which the accounting officer must keep for this purpose;
  - ii. all declarations by the accounting officer must be made to the executive mayor of the municipality who must ensure that such declarations are recorded in the register; and
  - iii. appropriate action is taken against any official or other role player who commits a breach of the code of ethical standards



## (5) Inducements, rewards, gifts and favours to the Municipality, officials and other role players

- a. No person who is a provider or prospective provider of goods or services to the municipality, or a recipient or prospective recipient of goods disposed or to be disposed of by the municipality, may either directly or through a representative or intermediary promise, offer or grant:
  - i. any inducement or reward to the municipality for or in connection with the award of a contract; or
  - ii. any reward, gift, favour or hospitality to:
    - a) any official; or
    - b) any other role player involved in the implementation of the supply chain management policy.
- b. The accounting officer must promptly report any alleged contravention of subsection (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- c. Subsection (1) does not apply to gifts less than R350 in value.

## (6) Fronting

- a. The municipality must effectively deal with fronting by being able to identify instances of fronting and to take further steps by reporting fronting practices to the Department of Trade and Industry.
- b. Fronting practices are:
  - i. Window-dressing – black people are appointed or introduced to an enterprise on the basis of tokenism and may be:
    - a) discouraged or inhibited from substantially participating in the core activities of an enterprise; and
    - b) discouraged or inhibited from substantially participating in the stated areas and/or levels of their participation.
  - ii. Benefit Diversion – initiatives implemented where the economic benefits received as a result of the B-BBEE status of an enterprise do not flow to black people in the ratio as specified in the relevant legal documentation.
  - iii. Opportunistic intermediaries – includes enterprises that have concluded agreements with other enterprises with a view to leveraging the opportunistic intermediary's favourable B-BBEE status in circumstances where the agreement involves:
    - a) significant limitations or restrictions upon the identity of the opportunistic intermediary's suppliers, service providers, clients or customers;

- b) the maintenance of their business operations in a context reasonably considered improbable having regard to resources; and
  - c) terms and conditions that are not negotiated at arms-length on a fair and reasonable basis.
- c. Intentional misrepresentation by measured entities constitutes fraudulent practices that will be reported to the Department of Trade and Industry.

#### **(7) Sponsorships**

- a. The accounting officer must promptly disclose to the National Treasury and the provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is:
  - i. a provider or prospective provider of goods or services to the municipality; or
  - ii. a recipient or prospective recipient of goods disposed or to be disposed of by the municipality.

#### **(8) Objections and complaints**

- a. Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within fourteen (14) days of the decision or action, a written objection or complaint against the decision or action.

#### **(9) Resolution of disputes, objections, complaints and queries**

- a. The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes:
  - i. to assist in the resolution of disputes between the Municipality and other persons regarding;
  - ii. any decisions or actions taken in the implementation of the supply chain management system; or
  - iii. any matter arising from a contract awarded in the course of the supply chain management system; or
- b. To deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- c. The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- d. The person appointed must:
  - i. Strive to resolve promptly all disputes, objections, complaints or queries received; and
  - ii. submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.
- e. A dispute, objection, complaint or query may be referred to the provincial treasury if:

- i. the dispute, objection, complaint or query is not resolved within sixty (60) days; or
  - ii. no response is forthcoming within sixty (60) days.
- f. If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.
- g. This section must not be read as affecting a person's rights to approach a court at any time.

## 59. Contracts providing for compensation based on turnover

- (1) If a service provider acts on behalf of the municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate:
- a. a cap on the compensation payable to the service provider; and
  - b. that such compensation must be performance based.

## 60. Provisional Sums and Prime Cost or Sub-contract Allowances

- (1) Where monetary allowances in excess of R200 000 in respect of provisional sums or prime cost items have been included in the bid documents, and where the work or items to which the sums relate are to be executed/supplied by sub-contractors/suppliers, then one of the following processes, as determined by the Bid Specification Committee, shall be followed in respect of these allowances:
- a. an **open competitive bidding process** in which bid documents are prepared by the Responsible Agent in consultation with and to the approval of the contractor, invitations to bid are advertised in the media, and whereby the **selected sub-contractor/supplier** is chosen by the Responsible Agent together with the contractor from the responses received. The contractor must satisfy him/herself that the selected sub-contractor/supplier can meet the requirements of the sub-contract/supply agreement, and assumes the risk for the performance of the sub-contractor/supplier. The contractor may, on reasonable grounds, elect not to employ a particular subcontractor/supplier.
  - b. a **two-stage selection process**, whereby the Responsible Agent will advertise (in the media) for expressions of interest from suitably qualified sub-contractors/suppliers. From the responses received, the Responsible Agent and the contractor, in conjunction, shall compile a list of at least three (unless less than three responses were received) suitable sub-contractors/suppliers who will then be asked to submit prices for the works/items required. The contractor will assume the risk for the performance of the **selected subcontractor/supplier** identified through this process.
  - c. a **nominated process**, whereby the municipality instructs the contractor to appoint a particular (typically specialist) sub-contractor/supplier. In this process the sub-contractor/supplier is a **nominated subcontractor/supplier**, and the risk is

transferred from the contractor to the municipality. The use of this process must therefore be motivated to and approved by the CFO or accounting officer in terms of the delegations, prior to its implementation.

- (2) A preference point system (as described later in this policy) must be applied in all of the above selection processes.
- (3) When monetary allowances of less than R200 000 have been included in the bid documents, and where the work or items to which the sums relate are to be executed/supplied by sub-contractors/suppliers, the contractor must be required to obtain a minimum of three written quotations for approval by the responsible agent.

## 61. The contract management process

- (1) The accounting officer must develop and implement mechanisms to effectively manage important aspects relating to contracts awarded through the supply chain management system of council.
- (2) A municipality cannot operate at all without entering into contracts on a regular basis and the obligations and rights created by the conclusion of these contracts should be managed in order to protect the interests of both the municipality and the other contracting party.

## 62. The concept of contract management

- (1) Contract management consists of the process that enables the municipality, as a party to a contract, to protect its own interests and to ensure that it complies with its duties, as agreed upon in the contract.
- (2) Non-performance or inadequate performance of these will compromise the municipality's legal position and will have a detrimental impact on the effectiveness of the municipality, with related financial losses.
- (3) The process to manage contracts properly involves the administration process, and the delivery or performance process as follows:
  - a. **the administration process** encompasses the totality of the administrative management of contracts, which includes the co-ordination of all activities relating to contracts;
    - i. **centralised control point** -this is normally performed by the Corporate Services Department, which takes full responsibility as main contact point between the parties to the contract, on the one hand, and as contact point between the functionaries of the municipality, on the other. All the following matters will thus be handled at the central point, namely:
      - a) enquiries;
      - b) liaison; and
      - c) correspondence.
    - ii. **centralised registering point** - all contracts concluded must be recorded in a register. The contract register should preferably contain the following information:

- a) name of party;
  - b) type of contract (lease, loan, encroachment, etc);
  - c) date concluded (this refers to the date on which the contract comes into operation and not the date of signing of the contract);
  - d) date of expiry; and
  - e) action date (this indicates the ideal date on which action must be taken in order to either renew the existing contract or to implement appropriate action prior to termination of the contract).
- iii. the **contract register** must be kept electronically and in alphabetical order. All new contracts that have been entered into must immediately be recorded in the register. Contracts that have expired or no longer exist for whatever reason must be removed from the register and be recorded on a register or list for cancelled or terminated agreements.
- iv. **reproduction and distribution** of contracts - once a contract is signed copies must be made and:
- a) be placed in the relevant file;
  - b) be furnished to relevant departments under cover of a memorandum. If, for example, the contract places a duty on the Budget and Treasury Office and the Engineering Services Department, copies must be furnished to those departments;
  - c) the original document must be dealt with as indicated in subsection (3) (a)(vi) below; and
  - d) an original contract must be furnished to the other party.
- v. **safekeeping of contracts** -
- a) the original contract must always be archived centrally.
  - b) it must be placed in a special file separate from other documents, which must be stored in a locked cabinet that is situated in a strong room.
  - c) only one official must exercise control over original contracts.
  - d) original contracts should preferably not be made available to persons other than the parties to the contract. If a third party is authorized to have sight of the contract, such third party must sign for receipt of the contract.
- vi. **contract formalisation** -
- a) this process includes the preparation of contracts to be entered into by the municipality. Either the municipality or the other party will have to prepare the prospective contract. It is normally the lessor, seller, principal, etc. who prepares the contract, but not necessarily. Circumstances will dictate who will ultimately prepare the contract.

- b) should the responsibility lie with the municipality to draft the contract, the following shall be decided:
  - (i) whether or not the user department will be responsible to perform the task; or
  - (ii) whether the task will be outsourced in accordance with the municipality's policy.
- c) the contract should be written in English or in any other language chosen by the parties, and proper contract documents should be used.
- d) contracts should be signed, after mutual consensus, by all parties to the contract.
- e) all agreements regarding the supply of goods and services to the municipality must be concluded in writing.
- f) copies of the original contract must be made and must be kept in a secure place, as indicated in subsection (3)(a)(vi) above.
- g) the end user should notify the contract management section of the award of the contract. This will enable them to update the contract register.
- h) the following factors should be taken into consideration when a decision is to be taken on the possible outsourcing of the drafting of a contract:
  - (i) nature of the contract;
  - (ii) complexity
  - (iii) capacity of human resources;
  - (iv) whether it is a familiar type of contract;
  - (v) importance of the contract; and
  - (vi) costs involved if it is outsourced.

**vii. approval of contracts -**

- a) all contracts to be concluded by the municipality must be approved by the accounting officer or the delegated official.
- b) all contracts must indicate the name of the responsible person delegated by the accounting officer to sign on his or her behalf.
- c) the full name and signature of the accounting officer or responsible person in question must be added in the space provided.
- d) no official can sign on behalf of someone else unless properly authorized to do so.

**viii. signing of contracts -**

- a) the signing of a contract takes place as soon as possible after the approval thereof. The following must be prudently adhered to when a contract is signed:

- (i) the representative of the municipality must have the required authority to sign the contract;
- (ii) if the other party is a company, a close corporation, partnership or other form of legal entity, then a written resolution must be produced and attached to the contract, authorizing the signatory to sign on behalf of the other party;
- (iii) that the committee resolution, in terms whereof the contract was approved, is recorded in the contract;
- (iv) that the contract is signed with a pen using indelible ink;
- (v) that the contract is signed in the presence of two witnesses; and
- (vi) that a sufficient number of copies of the original contract are made for the parties involved.

**ix. expiry or termination of contracts -**

- a) The following action is required when a contract is terminated:
  - (i) the municipality must ensure that it notifies the other contracting party, in writing, of the imminent expiry of the contract.
  - (ii) the notification referred to above must contain the information required in terms of the contract.
  - (iii) when an option to renew has been granted to the other contracting party, such party must be notified of such option in writing, and well in advance of the date on which he, she or it is required to exercise the option.
  - (iv) the termination of a contract prior to its expiry date can take place in any of the following ways:
    - (a) in accordance with a termination clause;
    - (b) as a consequence of the breach of contract by either party;
    - (c) death of a party;
    - (d) destruction of the object of the contract;
    - (e) where the parties become one party, e.g. when two or more municipalities amalgamate;
    - (f) by operation of law; and
    - (g) where the cause of the relationship in terms of the contract ceases to exist, for whatever reason.
  - (v) termination of a contract must be done strictly in accordance with the terms and conditions set out in the termination clause.
  - (vi) termination of a contract, for whatever reason, must be dealt with judiciously and in consultation with the GKLM's legal advisor.

(vii) as indicated in subsection (3) (a) (ii) (iii), all terminated contracts must be clearly indicated as such in a separate register.

**b. delivery or performance process** - this process commences as soon as a contract is concluded. The parties are entitled to exercise their respective rights and are obliged to fulfil the duties stipulated in the contract. The nature of management required will ultimately depend upon the type of each individual contract. In some cases, contracts can be managed adequately with little involvement, whilst in other cases proper management without a competent project team is impossible. A good example of the latter is capital projects or service delivery agreements of considerable extent.

The nature of a contract will also indicate which department of the municipality will be required to accept responsibility for the successful implementation of the project.

Circumstances will dictate the responsibility of the various departments involved and what level of management will be required.

### 63. Managing contracts

- (1) The municipality must ensure that contracts are administered in terms of the specifications and conditions contained in the contract, as well as any applicable legal provisions of a general nature.
- (2) The contract must be implemented according to proposed strategy, with reference to the budget, strategic and procurement plan.
- (3) The contract register for the municipality should be checked on a regular basis to ensure that it is up to date and accurate.
- (4) The outcomes of a contract must be monitored with reference to any documented expectations to ensure that the benefits realized by the municipality are in line with such expectations.
- (5) The lifespan of the project must be monitored in line with the available budget approved.
- (6) Delivery must be assessed on the basis of the signed contract.
- (7) Orders are to be monitored continuously to ensure proper supply and delivery in accordance with the terms and conditions of the contract.
- (8) The municipality must ensure that all parties to the contract observe acceptable ethical standards.
- (9) Necessary approval from the accounting officer and the bid adjudication committee, for non-contractual price adjustments, must be obtained, provided that such adjustments are lawful and not in contravention of the principles contained in this policy.
- (10) Contractual price adjustments may be considered, provided that these are in line with the terms and conditions of the contract and the supplier provides documentary proof or an audited certificate of price adjustments claimed to warrant such an adjustment.
- (11) Subject to the terms and conditions of the contract, the supplier or successful bidder must, within 30 days of the formation of the contract, provide security in the amount specified.



Similarly, the supplier or successful bidder must provide a warranty for the goods and services to be provided.

- (12) If it was a condition of the bid invitation that the bidder or contractor must allow the municipality to carry out inspections, tests and analysis, then the bidder must be open, at all reasonable hours, for such inspection, tests or analysis by the municipality. The inspection, testing and analysis of any contract for supplies is recommended and may be rejected for non-compliance.
- (13) The municipality must ensure that payment to a service provider is made in accordance with contract terms and conditions, and only after proper delivery of the goods or services and upon receipt of an invoice.
- (14) Goods and services should be provided by a service provider in accordance with the time schedule and quality specifications stipulated in the contract. A delay should be explained by the service provider in writing and may result in the imposition of penalties by the institution. The implementation of penalties for non-delivery must be adhered to.
- (15) Once a contract has been concluded, a close out report must be compiled.
- (16) The municipality must ensure that the service provider does not assign or sub-contract a portion or the whole contract to another party without the approval of the municipality. This does not relieve the bidder of any of its obligations or liability under the contract.
- (17) Subject to the terms and conditions of the contract, the accounting officer and bid adjudication committee may terminate the contract for non-performance.
- (18) Any breach of contract must be clearly documented and reported to the supply chain unit and the accounting officer.

## **64. Application**

- (1) The contract management provisions above are applicable only to contracts for the provision of goods and services.

## **65. Support to Bidders**

- (1) The GLKM will provide all necessary support, within its powers, to ensure that bidders, especially HDIs and/or emerging firms, are provided with an opportunity to provide goods and services to the municipality where possible, provided that such support does not contravene the principles of public procurement.
- (2) Bid information must be simplified to enable wider participation and advice must be available to ensure that bidders stand a fair chance of success upon the submission of their bids.
- (3) Easy access to information must be ensured with regard to the provision of goods and services for purposes of encouraging wider participation.
- (4) Pre-bid meetings may be a standard requirement of the bid process in order to obtain details for the bid requirements and answer questions from prospective bidders.

- (5) A dedicated telephone number is available to bidders who require assistance when completing bid documentation or require information with regard to bids. The telephone number is contained within the bid document.
- (6) Bid information, support and registration as a service provider or supplier will be available from the GKLM.
- (7) The municipality must hold regular workshops with service providers and suppliers to provide advice which will assist them to build capacity in their organizations and provide information on how suppliers and service providers can engage the municipality.

## 66. Occupational Health and Safety issues

- (1) In terms of the Construction Regulations, 2003 (GNR 1010, Government Gazette No. 25207, 18 July 2003) promulgated under section 43 of the Occupational Health and Safety Act 85 of 1993, any person for whom construction work is performed is defined as the “client”. The client’s duties, as laid down under Construction Regulation 4, are applicable to the municipality.
- (2) The municipality shall comply with all occupational health and safety standards and establish best practice on construction projects commissioned by the municipality.
- (3) Contractors shall comply with all applicable standards and contract specifications when undertaking any construction project, regardless of the size or nature of the works.
- (4) **Legal requirements** - All contractors entering into a contract with the Municipality shall, as a set of minimum requirements, comply with the following:
  - a. occupational Health and Safety Act, 1993 (Act No. 85 of 1993) (as amended) and applicable regulations;
  - b. Compensation for Occupational Injuries & Diseases Act, 1993 (Act No. 130 of 1993) (as amended); and
  - c. Mine Health and Safety Act, 1996 (Act No. 29 of 1996), where work is carried out on a mine.
- (5) **Implementation** - bidders are required to familiarize themselves with the provisions of the municipality's Construction Health and Safety Specifications when compiling bids for construction work.
- (6) **Specific requirements** - bidders shall furnish the following:
  - a. an original copy of a letter of good standing from the compensation fund established in terms of the Compensation for Occupational Injuries and Diseases Act, 130 of 1993; and
  - b. a pre-bid occupational health and safety plan as contemplated in terms of the Construction Regulations, 2003.

## 67. Public Private Partnerships

- (1) The municipality may enter into a public-private partnership agreement, but only if it can demonstrate that the agreement will:

- a. provide value for money to the municipality;
  - b. be affordable for the municipality; and
  - c. transfer appropriate technical, operational and financial risk to the private party.
- (2) A public-private partnership agreement must comply with any prescribed regulatory framework for public-private partnerships.
- (3) If the public-private partnership involves the provision of a municipal service, Chapter 8 of the Municipal Systems Act must also be complied with.
- (4) Before a public-private partnership is concluded, the municipality must conduct a feasibility study that:
- a. explains the strategic and operational benefits of the public-private partnership for the municipality in terms of its objectives;
  - b. describes in specific terms:
    - i. the nature of the private party's role in the public-private partnership;
    - ii. the extent to which this role, both legally and by nature, can be performed by a private party; and
    - iii. how the proposed agreement will:
      - (a) provide value for money to the municipality;
      - (b) be affordable for the municipality;
      - (c) transfer appropriate technical, operational and financial risks to the private party; and
      - (d) impact on the municipality's revenue flows and its current and future budgets;
  - c. takes into account all relevant information; and
  - d. explains the capacity of the municipality to effectively monitor, manage and enforce the agreement.
- (5) The national government may assist the municipality in carrying out and assessing feasibility studies referred to in subsection (4).
- (6) When a feasibility study has been completed, the accounting officer of the municipality must:
- a. submit the report on the feasibility study together with all other relevant documents to the council for a decision, in principle, on whether the municipality should continue with the proposed public-private partnership;
  - b. at least 60 days prior to the meeting of the council at which the matter is to be considered, in accordance with section 21A of the Municipal Systems Act:
    - i. make public particulars of the proposed public-private partnership, including the report on the feasibility study; and

- ii. invite the local community and other interested persons to submit to the municipality comments or representations in respect of the proposed public-private partnership; and
- iii. solicit the views and recommendations of:
  - (a) the National Treasury;
  - (b) the national department responsible for local government;
  - (c) if the public-private partnership involves the provision of water, sanitation, electricity or any other service as may be prescribed, the responsible national department; and
  - (d) any other national or provincial organ of state as may be prescribed.

(7) Section 33 of the MFMA applies if the public-private partnership agreement will have multi-year budgetary implications for the municipality within the meaning of that section.

## 68. Expanded Public Works Program

(1) The Expanded Public Works Programme (EPWP) is founded on the principle that the Implementing Agent (National or Provincial Department, state owned enterprise, municipality or municipal entity) is responsible for identifying and implementing suitable projects in accordance with the published EPWP Guidelines.

(2) The EPWP is a programme that cuts across all departments and spheres of government work. Opportunities will be provided in the following ways:

- a. Infrastructure sector - increasing the labour intensity of government-funded infrastructure projects. The infrastructure sector incorporates a large-scale initiative to use labour-intensive methods to upgrade rural and municipal roads, municipal pipelines, and storm-water drains. People living in the vicinity of these infrastructure projects are employed by contractors to carry out the work. In addition, emerging contractors will participate in Construction Education and Training Authority (CETA)-registered learnerships to gain the necessary skills to build this infrastructure labour-intensively. The municipality shall arrange for access to finance for learner contractors.

Labour-intensive construction methods involve the use of an appropriate mix of labour and machines, with a preference for labour where technically and economically feasible, without compromising the quality of the product. International and local experience has shown that, with well-trained supervisory staff and an appropriate employment framework, labour-intensive methods can be used successfully for certain types of infrastructure projects. Labour-intensive infrastructure projects under the EPWP involve:

- i. using labour intensive construction methods to provide employment opportunities to local unemployed people;
- ii. providing training or skills development to those locally employed workers; and
- iii. building cost-effective and quality assets.

(3) Environmental sector - creating work opportunities in public environmental programmes (e.g. Working for Water). The environmental sector's contribution to the EPWP involves

employing people to work on projects to improve their local environments, under programmes such as the Department of Agriculture's Land Care programme; the Department of Environmental Affairs and Tourism's People and Parks, Coastal Care, Sustainable Land-based Livelihoods, Cleaning up SA, and Growing a Tourism Economy programmes; and the Department of Water Affairs and Forestry's Working for Water, Working for Wetlands, and Working on Fire programmes.

- (4) Social sector - creating work opportunities in public social programmes (e.g. community-based health and social welfare care and early childhood development). The social sector contributes to the EPWP by employing people, through NGOs and community-based organisations, to work on home-based care and early childhood development programmes. These programmes will be coordinated by the Departments of Social Development, Health and Education.
- (5) Economic sector - developing small businesses and cooperatives, including utilising general government expenditure on goods and services to provide the work experience component of small enterprise learnership / incubation programmes.

## 69. The EPWP process

- (1) The GKLM will develop an EPWP strategy document.
- (2) The municipality will identify specific infrastructure projects to ensure that it implements the EPWP within the organization. The projects targeted for this programme will be in line with the EPWP programme.
- (3) The municipality will provide guidance on the:
  - a. identification of suitable projects;
  - b. appropriate design for labour-intensive construction;
  - c. the specification of labour-intensive works; and
  - d. the compilation of contract documentation for labour-intensive projects.
- (4) The monitoring and reporting of the GKLM's EPWP by the EPWP Unit on a quarterly basis will be supported by an efficient and effective information management system. The type of information that will be monitored on an on-going basis will include the following six key indicators:
  - a. job opportunity;
  - b. persons years of employment, with segregated date for youth, women, disabled (YWD) in format of benchmark, actual to date and projections;
  - c. project budgets, actual expenditure, expenditure projections (cash flows);
  - d. demographic data;
  - e. project wage rate; and
  - f. cluster budgets, actual expenditure, project across all sectors.
- (5) The employment of locally employed temporary workers on all EPWP labour-intensive infrastructure projects must be in accordance with the Code of Good Practice for

Employment and Conditions of Work for Special Public Works Programmes issued in terms of the Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997) and promulgated in Government Gazette Notice No. P64 of 25 January 2002.

(6) Contractor Development may be allocated to project specialisations such as:

- a. Incubator Programme
- b. Cooperatives Programme
- c. Emerging Contractor Development Programme
- d. EPWP
- e. Designated Groups Allocation (Youth, Women, Disables, etc.)

## 70. Variation Orders

(1) Variations orders (VO's), also called contract instructions, are regularly issued to contractors or service providers. Examples of circumstances that can lead to a variation are listed below:

- a. an extension of time needs to be given to a contractor for the completion of a project as a result of circumstances outside his or her control, such as excessive rainfall. Such an extension of time will have a cost implication because the contractor's overhead costs will increase. The contract amount must therefore be increased to compensate the contractor for the additional unforeseen costs.
- b. during the excavation of the foundations for a community hall it was found that more rock needed to be excavated than allowed for when the quantities for the different work items were calculated and included in the project tender. This sort of situation is not uncommon because it is impossible to determine the exact quantities for all excavation due to uncertainty on ground conditions. In this instance the contractor will have to be compensated for his increased costs, and a variation to the contract must be issued.
- c. during the construction of a clinic it was found that the type of ceiling described in the project specifications, and on which the contractor has based his prices, is unavailable due to a fire at the plant of the manufacturer. To resolve the situation and avoid delays to the construction of the clinic, the architect has recommended an alternative type of ceiling which costs more and the contractor has to be compensated for these additional costs in the form of a variation to his contract.

(2) Project managers must prepare a report reflecting comprehensive detail for the VO.

(3) Project managers must sign off the VO and send it in both hard copy and email to the relevant head of department.

(4) VOs to the value of R200 000 must be approved in terms of the delegation.

(5) Should the VO exceed R200 000, it must be considered by the head of department and referred to the bid adjudication committee for approval.

(6) At all times, the approval of a VO shall not be done so as to contravene this policy or the principles of public procurement.

- (7) The project manager (either a person at the principal agent or a GKLM project manager) responsible for the implementation of a project must keep complete records of all VO's issued on a project. Each individual VO to be approved must be accompanied with a summary of all other VO's issued on a project.
- (8) Upon approval of a VO to the value of R200 000, the original VO must be filed in procurement and one copy must be kept by the author/project manager who must forward it through procurement for tabling at the next bid adjudication committee meeting for noting and ratification.
- (9) At project close out, all records pertaining to VO's must be filed with all the other project documentation.
- (10) Contracts may be expanded or varied by not more than 20% for construction related goods, services and/or infrastructure projects and 15% for all other goods and/or services of the original value of the contract. Municipal Councils and Board of Directors of municipal entities are required to amend their supply chain management policies accordingly. Furthermore, anything beyond the abovementioned thresholds must be reported to council or the board of directors.

Any expansion or variation in excess of these thresholds must be dealt with in terms of the provisions of section 116(3) of the MFMA which will be regarded as an amendment to the contract.

The contents of the above paragraph are not applicable to transversal term contracts, facilitated by the relevant treasuries on behalf of municipalities and municipal entities and, specific term contracts. The latter refers to orders placed as and when commodities are required and at the time of awarding contracts, the required quantities were unknown.

## Part 5: Preferential Procurement

### 71. Introduction

This section of the GKLM's Supply Chain Management Policy gives effect to the Preferential Procurement Policy Framework Act and all applicable national directives thereof.

### 72. Preferential Procurement System

- (1) The key principles of this system are:
  - a. the application of an 80/20 preference point system for procurement (competitive bids or quotations) with a Rand value of greater than R2 000 but less than or equal to R1 000 000;
  - b. the application of a 90/10 preference point system for procurement (competitive bids) with a Rand value greater than R1 000 000;
  - c. that bids may be declared non-responsive if they fail to achieve a minimum score for functionality (quality), if indicated in the bid documents.
- (2) In the evaluation of responsive bids the preference points system shall be used for the purposes of determining preferred / recommended bidders and the final award.

### 73. Planning

- (1) The appropriate preference points system to be used for evaluation and adjudication of bids shall be determined by the supply chain unit and must be clearly stipulated in the bid documentation.
- (2) Designations for local production and content on the procurement of goods, services and construction works must be identified by the supply chain unit in line with the National Treasury.
- (3) The need to invite bids on the basis of functionality as a criterion depends on the nature of the required commodity or service taking into account quality, reliability, viability and durability of a service and the bidders' technical capacity and ability to execute a contract.
- (4) The following aspects must be clearly specified in the bid documents:
  - a. evaluation criteria for measuring functionality;
  - b. weight of each criterion;
  - c. applicable value; and
  - d. minimum qualifying score for functionality
- (5) Bids invited on the basis of functionality as a criterion must be evaluated in two stages – first functionality must be assessed and then in accordance with the 80/20 or 90/10 preference point systems.
- (6) The evaluation must be done as follows:
  - a. **First stage** – Evaluation of functionality



- i. Bids must be evaluated in terms of the evaluation criteria embodied in the bid documents.
- ii. The amendment of evaluation criteria, weights, applicable values and/or the minimum qualifying score for functionality after the closure of bids is not allowed as this may jeopardise the fairness of the process. A bid will be considered further if it achieves the prescribed minimum qualifying score for functionality.
- iii. Bids that fail to achieve the minimum qualifying score for functionality must be disqualified.
- iv. Score sheets should be prepared and provided to panel members to evaluate the bids.
- v. The score sheet should contain all the criteria and the weight for each criterion as well as the values to be applied for evaluation as indicated in the bid documents.
- vi. Each panel member should after thorough evaluation independently award his / her own value to each individual criterion.
- vii. Score sheets should be signed by panel members and if necessary, written motivation may be requested from panel members where vast discrepancies in the values awarded for each criterion exist.
- viii. If the minimum qualifying score for functionality is indicated as a percentage in the bid documents, the percentage scored for functionality may be calculated as follows:
  - (a) The value awarded for each criterion should be multiplied by the weight for the relevant criterion to obtain the score for the various criteria;
  - (b) The scores for each criterion should be added to obtain the total score; and
  - (c) The following formula should be used to convert the total score to percentage for functionality:
 
$$100 \times \frac{Ms}{So} \times \frac{Ps}{Ms}$$
 where:  
 Ps = percentage scored for functionality by bid under consideration  
 So = total score of bid under consideration  
 Ms = maximum possible score
  - (d) The percentage of each panel member should be added and divided by the number of panel members to establish the average percentage obtained by each bidder for functionality.

b. **Second stage** – only bids that achieve the minimum qualifying score / percentage for functionality must be evaluated further in accordance with the 80/20 or 90/10 preference point systems.

(7) **Local Content** - bids that were invited on the basis of local production and content should be evaluated by following a two-stage bidding process:

a. **First stage** – Bids must be evaluated in terms of the evaluation criteria stipulated in the bid documents. The amendment of the stipulated minimum threshold for local production and content after the closure of bids is not allowed as this may jeopardise the fairness of the process.

- b. A bid will be disqualified if:
  - i. the bidder fails to achieve the stipulated minimum threshold for local production and content; and
  - ii. the Declaration Certificate for Local Content (MBD 6.2) is not submitted as part of the bid documentation.
- c. **Calculation of Local Content** - Specific bidding condition that only locally produced goods, services or works or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered must be stipulated in the bid.
- d. Bid invitations must stipulate that the exchange rate to be used for the calculation of local content (local content and local production are used interchangeably) must be the exchange rate published by the South African Reserve Bank at 12:00 on the date, one week (7 calendar days) prior to the closing date of the bid.
- e. Only the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:201x must be used to calculate local content. The following formula to calculate local content must be disclosed in the bid documentation:
  - i. The local content (LC) as a percentage of the bid price must be calculated in accordance with the South African Bureau of Standards approved technical specification number SATS 1286: 201x as follows:
 
$$LC = 1 \times 100$$
 Where  
 x imported content  
 y bid price excluding value added tax (VAT)
- f. Prices referred to in the determination of x must be converted to Rand (ZAR) by using the exchange rate published by the South African Reserve Bank at 12:00 on the date, one week (7 calendar days) prior to the closing date of the bid.
- g. The MBD 6.2 (Declaration Certificate for Local Content) must form part of the bid documentation.
- h. The accuracy of the rates quoted by the bidder must be verified by the SCM officials.
- i. Where appropriate, prices may be negotiated only with short-listed or preferred bidders. Such negotiations must not prejudice any other bidders.

**(8) The Preference point system - Step 1: Calculation of points for price**

- a. The PPPFA prescribes that the lowest acceptable bid will score 80 or 90 points for price. Bidders that quoted higher prices will score lower points for price on a pro-rata basis.
- b. The formulae to be utilised in calculating points scored for price are as follows:

**80/20 Preference point system [(for acquisition of services, works or goods up to a Rand value of R1million) (all applicable taxes included)]**

Where

Ps = Points scored for comparative price of bid or offer under consideration

Pt = Comparative price of bid or offer under consideration

Pmin = Comparative price of lowest acceptable bid or offer.

**90/10 Preference point system [(for acquisition of services, works or goods with a Rand value above R1million) (all applicable taxes included)]**

Where

Ps = Points scored for comparative price of bid or offer under consideration

Pt = Comparative price of bid or offer under consideration

Pmin = Comparative price of lowest acceptable bid or offer.

- c. Points scored must be rounded off to the nearest 2 decimal places.

**(9) The preference point system - Step two: calculation of points for B-BBEE**

- a. Points must be awarded to a bidder for attaining the B-BBEE status level of contributor in accordance with the table below.

B-BBEE status level of contributor	Number of points 90/10	Number of points 80/20
1	10	20
2	9	18
3	8	16
4	5	12
5	4	8
6	3	6
7	2	4
8	1	2
Non-compliant	0	0

- b. A maximum of 10 points may be allocated in accordance with sub-section (9) (a) above.
- c. The points scored by a bidder in respect of the level of B-BBEE contribution contemplated in sub-section (9) (a) must be added to the points scored for price.
- d. Subject to the level of compliance that has been verified through a valid certificate, the contract must be awarded to the tenderer who scores the highest total number of points.
- e. Bidders with annual total revenue of R5 million or less qualify as Exempted Micro Enterprises (EMEs) in terms of the Broad-Based Black Economic Empowerment Act, and must submit a certificate issued by a registered auditor, accounting officer (as contemplated in section 60(4) of the Close Corporation Act, 1984 (Act No. 69 of 1984)) or an accredited verification agency.
- f. Bidders other than EMEs must submit their original and valid B-BBEE status level verification certificate or a certified copy thereof, substantiating their B-BBEE rating.
- g. The submission of such certificates must comply with the requirements of instructions and guidelines issued by the National Treasury and be in accordance with notices published by the Department of Trade and Industry in the Government Gazette.

h. The B-BBEE status level attained by the bidder must be used to determine the number of points contemplated in sub-section (9) (a).

(10) **Sale and Letting of Assets** - the preference point systems prescribed in the PPPFA and the Preferential Procurement Regulations, 2011 are not applicable to the sale and letting of immovable assets.

(11) In instances where assets are sold or leased by means of advertised competitive bids or written price quotations or by auctions the award must be made to the highest bidder.

(12) No bids may be awarded to any person whose tax matters have not been declared in order by SARS.

#### 74. Local production and content

(1) The municipality must, in the case of designated sectors, where in the award of tenders local production and content is of critical importance, advertise such tenders with specific tendering condition that only locally produced goods, services or works or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.

(2) The Minister of Trade and Industry has designated the following sectors/sub-sectors / industries to which the minimum thresholds for local content should apply:

<b>Sector/Sub-Sector/Industries</b>	<b>Minimum Threshold for Local Content</b>
Buses (Bus Body)	80%
Textiles, Clothing, Leather and Footwear	100%
Power Pylons	100%
Canned / Processed Vegetables	80%
Rolling Stock	65%

(3) Where there is no designated sector, bid may include, as a specific tendering condition, that only locally produced services, works or goods or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered, on condition that such prescript and threshold(s) are in accordance with the specific directives issued for this purpose by the National Treasury in consultation with the Department of Trade and Industry.

(4) Every bid issued must ensure during the planning stages that it must be measurable and audited.

(5) Where there is no designated sector, bid may include, as a specific tendering condition, that only locally produced services, works or goods or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered, on condition that such prescript and threshold(s) are in accordance with the specific directives

issued for this purpose by the National Treasury in consultation with the Department of Trade and Industry.

- (6) Every bid issued must ensure during the planning stages that it must be measurable and audited.
- (7) Where necessary, for bids referred to in sub-section (1) and (3), a two-stage tendering process may be followed, where the first stage involves functionality and minimum threshold for local production and content and the second stage price and B-BBEE with the possibility of price negotiation only with the short listed bidder(s).

## 76. Tertiary institutions and public entities

- (1) Based on thorough analysis of the market, institutions may invite written price quotations for services that can only be provided by tertiary institutions from the identified tertiary institutions.
- (2) Where the required service can be provided by tertiary institutions, public entities and enterprises from the private sector, institutions must invite competitive bids.

## 77. Evaluation of bids that scored equal points

- (1) In the event that two or more bids have scored equal total points, the successful bid must be the one that scored the highest points for B-BBEE.
- (2) If two or more bids have equal points, including equal preference points for B-BBEE, the successful bid must be the one scoring the highest score for functionality, if functionality is part of the evaluation process.
- (3) In the event that two or more bids are equal in all respects, the award must be decided by the drawing of lots.

## 78. Cancellation and re-invitation of bids

- (1) In the application of the 80/20 preference point system, if **all** bids received exceed R1 000 000, the bid must be cancelled. If one or more of the acceptable bid(s) received are within the R1 000 000 threshold, all bids received must be evaluated on the 80/20 preference point system.
- (2) In the application of the 90/10 preference point system, if **all** bids received are equal to or below R1 000 000, the bid must be cancelled. If one or more of the acceptable bid(s) received are above the R1 000 000 threshold, all bids received must be evaluated on the 90/10 preference point system.
- (3) If a bid was cancelled in terms of sub-section (1) or (2), the correct preference point system must be stipulated in the bid documents of the re-invited bid.
- (4) An accounting officer may, prior to the award of a bid, cancel the bid if:
  - a. Due to changed circumstances, there is no longer a need for the services, works or goods requested. [accounting officers must ensure that only goods, services or works that are required to fulfil the needs of the institution are procured]; or

- b. Funds are no longer available to cover the total envisaged expenditure. [accounting officer must ensure that the budgetary provisions exist]; or
- c. No acceptable bids are received. [If all bids received are rejected, the institution must review the reasons justifying the rejection and consider making revisions to the specific conditions of contract, design and specifications, scope of the contract, or a combination of these, before inviting new bids].

## 79. Awards of contracts

- (1) A contract must be awarded to the bidder who scored the highest total number of points in terms of the preference point systems.
- (2) In exceptional circumstances a contract may, on reasonable and justifiable grounds, be awarded to a bidder that did not score the highest number of points. The reasons for such a decision must be approved and recorded for audit purposes and must be defensible in a court of law.

## 80. Remedies

- (1) Upon detection that the B-BBEE status level of contribution has been claimed or obtained on a fraudulent basis or any of the contract conditions have not been fulfilled, the accounting officer must act against the bidder or person awarded the contract.
- (2) The institution may, in addition to any other remedy that it may have against the bidder or person:
  - b. Disqualify the bidder or person from the bidding process;
  - c. Recover all costs, losses or damages it has incurred or suffered as a result of that person's conduct;
  - d. Cancel the contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation;
  - e. Restrict the bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, from obtaining business from any organ of state for a period not exceeding 10 years, after applying the *audialterampartem* (hear the other side) rule; and
  - f. Forward the matter for criminal prosecution.
- (3) Institutions should involve their legal services when any of the remedies are applied.
- (4) The details of any restrictions imposed on bidders, persons or contractors must be forwarded to the National Treasury for inclusion on the central Database of Restricted Suppliers.
- (5) **Preferential Procurement Regulations, 2011** - Where this Policy does not provide for a matter regulated by the Preferential Procurement Regulations, 2011, the provisions of the regulations will prevail in respect of a "tender" as defined in the regulations.

## **Annexure A - Code of ethical conduct for Supply Chain Management Practitioners and other role players**

### **81. Purpose**

- (1) The purpose of this Code of Conduct is to ensure that all business transactions take place in an environment of honesty, integrity, fair competition and respect for South African Laws. This Code outlines expectations from all its employees and service providers who participate, directly or indirectly, in the supply chain management activities of the GKLM. The main aim is to promote:
  - a. mutual trust and respect; and
  - b. an environment where business can be conducted with integrity in a fair and reasonable manner.
- (2) Failure to adhere to this Code is inexcusable and punishable.

### **82. General Principles**

- (1) The municipality commits itself to a policy of fair dealing and integrity in the conducting of its business. Employees and other role players involved in supply chain management are in a position of trust, implying a duty to act in the public interest. Employees and other role players should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.
- (2) Employees and other role players involved in the supply chain should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly. Employees and other role players involved in supply chain management should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.

### **83. Employee Ethical Conduct**

- (a) An employee or other role player involved with supply chain management:-
  - a. must treat all providers and potential providers equitably;
  - b. may not use his or her position for private gain or to improperly benefit another person;
  - c. must not interfere with supply chain management processes and system in order to influence the outcome of an award by tampering with any price quotations and bids;
  - d. must keep all information, including service providers information, as confidential. Only the duly authorized official will communicate the outcome of the bidding process;
  - e. must not be soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters;
  - f. must not exploit errors in price quotations / bids;

- g. may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
  - h. must declare to the municipality details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person and record them on the declaration register to be kept by each manager and signed off on quarterly basis by the respective delegated employee;
  - i. must declare to the municipality details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by the municipality;
  - j. must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
  - k. must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;
  - l. should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties;
  - m. should not take improper advantage of their previous office after leaving their official position; and
  - n. employees must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including:-
    - i. any alleged fraud, corruption, favouritism or unfair conduct; and
    - ii. any alleged contravention of the policy on inducements, rewards, gifts and favours to the municipality or employees.
- (b) The local municipality is committed to the highest standard of integrity.

## **84. Record Keeping**

- (1) Every head of department must keep an up to date gift register and record of all declarations made by the employees with regards to:-
- a. business interest held by the employees;
  - b. business interest held by the family members;
  - c. interest in a business transaction where conflict of interest exist
- (2) The accounting officer must keep record of all declarations made per department.

## **85. Service Providers Ethical Conduct**

- (1) Service providers, are expected to assist the GKLM in enforcing good ethical conduct from its employees and:



- a. must not induce or reward the employees for contract awarded or to be awarded;
- b. must not put undue pressure on employees;
- c. must not assist or offer financial relief to employees in financial difficulties;
- d. must not request from employees information about the municipal operations or competitors information; and
- e. must not offer favours or hospitality to employees of which the value thereof is above R350.

## **86. Sub-delegations by the accounting officer regarding the power to make final award**

(1) accounting officer may in terms of section 79 or 106 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of regulation 4 (1) the power to make a final award

(a) above R10 million(VAT included) may not be sub-delegated by an accounting officer;

(b) above R2 million (VAT included) , but not exceeding R10 million (VAT included), may be sub-delegated but only to-

(i) the chief financial officer;

(ii) a senior manager; or

(iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member of; or

(c) not exceeding R2 million (VAT included) may sub-delegated but only to -

(i) the chief financial officer;

(ii) a senior manager;

(iii) a manager directly accountable to the chief financial officer or a senior manager; or

(iv) a bid adjudication committee.

## **87. Procurement for repairs and maintenance services**

(1) Procurement for repairs and maintenance may be procured using 1 quote from the original manufacturer.

**Supply Chain Management Policy  
Document Revision Control**

<b>REVISION NUMBER</b>	<b>PAGE NUMBER/S</b>	<b>CHANGE EFFECTED</b>	<b>DATE OF CHANGE</b>
0001	All pages	Revised SCM Policy	04.03.2014
0002	Page 29	Procurement of catering services	20.06.2014
0003	Page 20	Three written quotations	02.02.2015
0004	Page 29	Bid Adjudication Committee	02.02.2015
0005	Page 30	Appointment of Consultants	02.02.2015
0006	Page 39	Unauthorised, irregular, fruitless and wasteful expenditure	02.02.2015
0007	Page 56	Variation Orders	02.02.2015
0008	Page 67	Sub-delegations by the Accounting Officer regarding the power to make final award	02.02.2015
0009	Page 67	Procurement for repairs and maintenance services	20.02.2015

**APPROVAL SIGNATURES RECORD**

<b>REVIEWER ROLE</b>	<b>NAME</b>	<b>SIGNATURE</b>	<b>DATE</b>
Accounting Officer			
<b>APPROVED BY COUNCIL:</b>			