GREATER LETABA MUNICIPALITY



SUPPLY CHAIN MANAGEMENT POLICY

2023/2024

TABLE OF CONTENTS

1. DEFINITIONS 7

2. POLICY STATEMENT

Introduction 12
Purpose 12
Objectives 12
Oversight 13
Compliance with Ethical Standards 14

3. GENERAL PROVISIONS AND APPLICATION OF POLICY

Application of Policy 14
Competency 14

4. DEMAND MANAGEMENT SYSTEMS

Introduction 15
Major Activities 15

5. ACQUISITION MANAGEMENT SYSTEM

Introduction 16
Application 16
General 16
Specialised forms of Procurement 21
General Conditions Applicable to Bids and Conditions 22
Competitive Bids 23
Formal Written Price Quotations 43
Written Price Quotations 45
Appointment of Consultants 46
Deviation from the Procurement Processes 47

6. LOGISTICS MANAGEMENT SYSTEM

Introduction 51
Setting of Inventory Levels 51

Placing of Orders 51
Receiving and Distribution of Goods 52
Store and Warehouse Management 52
Expediting Orders 52
Transport Management 52
Vendor Performance 53
Contract Management 53

7. DISPOSAL MANAGEMENT SYSTEM
Goal 57
Disposal Management System 57

8. RISK MANAGEMENT SYSTEM
General 58
The Risk Management Process 58
Key Principles 58

9. PERFORMANCE MANAGEMENT SYSTEM

10. CODE OF ETHICAL STANDARDS 59

General 59
Inducements, Rewards, Gifts and Favours 61
Sponsorships 61
Objections and Complaints 61
Resolution of Disputes, Objections and Queries 61

11. PREFERENTIAL PROCUREMENT

Preferential Point System 62
Specific Goals 62
Validity of Specific Goals 63
Verification Certificates in Respect of EMEs. 65
Planning, Stipulation of Preference points system to be utilized and the determination for designated sectors. 66
Administrative Criteria 66
Cancellation and Re-Invitation of Bids 68
Standard for Infrastructure Procurement and Delivery Management 69
Commencement and Review

1. DEFINITIONS

1.1 **Adjudication points:** means the points referred to in the Preferential Procurement Regulations 2022 and the Preferential Procurement section of this policy also referred toas "evaluation points".

1.2 **Asset:** means a tangible or intangible resource capable of ownership.

1.3 **Bidder:** means any person submitting a competitive bid or a quotation.

1.4 **Bulletin Board:** means an electronic method of obtaining bids or quotations. Displays on website and notice boards.

1.5 **Capital Asset:** means: any immovable asset such as land, property or buildings; or any movable asset that can be used continuously or repeatedly for more than one year in the production or supply of goods or services, for rental to others or for administrative purposes, and from which future benefit can be derived, such as plant, machinery and equipment.

1.6 **Municipality:** means the municipality of the Greater Letaba Municipality or any person(s) or committee delegated with the authority to act on its behalf.

1.7 **Municipality Manager:** means the Accounting Officer as defined in the Municipal Finance Management Act.

1.8 **Closing Time** means the time and day specified in the bid documents for the receipt of bids.

1.9 **Competitive Bidding Process:** means a competitive bidding process referred to in Regulation 12 (1) (d) of the Supply Chain Management Regulations.

1.10 **Competitive Bid:** means a bid in terms of a competitive bidding process.

1.11 **Community Based Vendor:** 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 Supplier Database or National Treasury Central Supplier database (CSD).

1.12 **Construction Industry Development Board (CIDB) Act:** means the Construction Industry Development Board Act, 38 of 2000 and includes the regulations pertaining thereto.

1.13 **Construction Works:** means any work in connection with: the erection, maintenance, alteration, renovation, repair, demolition or dismantling of or addition to a building or any similar structure; the installation, erection, dismantling or maintenance of a fixed plant; the construction, maintenance, demolition or dismantling of any bridge, dam, canal, road,

railway, sewer or water reticulation system or any similar civil engineering structure; orthe moving of earth, clearing of land, the making of an excavation, piling or any similar type of work.

1.14 **Consultant:** means a person or entity providing services requiring knowledge-based expertise and includes professional service providers.

1.15 **Contract:** means the agreement, which is concluded when the Municipality accepts, in writing, a bid or quote submitted by a provider.

1.16 **Contractor:** means any person or entity whose bid or quote has been accepted by the Municipality.

1.17 **Contract participation goal**: means the amount equal to the sum of the value of work for which the prime contractor contracts to engage specific target groups in the performance of the contract, expressed as a percentage of the bid sum less provisional sums, contingencies and VAT.

1.18 **Day(s):** means calendar days unless the context indicates otherwise.

1.19 **Delegated Authority:** means any person or committee delegated with authority by the Municipality in terms of the provisions of the Municipal Finance Management Act.

1.20 **Empowerment Indicator:** means a measure of an enterprise/business's contribution towards achieving the goals of government's Reconstruction and Development Program. This indicator will relate only to certain specific goals for the purposes of this Policy.

1.21 **Disability- means**, in respect of a person, a permanent impairment of a physical, intellectual, or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner, or within the range, considered normal for a person.

1.22 **Evaluation Points:** also referred to as "Adjudication Points" (see clause 1.1 above).

1.23 **Final Award:** in relation to bids or quotations submitted for a tender or goods and services, means the final decision of which bid or quote to accept.

1.24 **Formal Written Price Quotation,** "Written Price Quotation", "Quotation" or "Quote": means a written or electronic offer to the Municipality in response to an invitation to submit a quotation.

1.25 **Functionality:** is the measure, according to predetermined criteria, of the suitability of a proposal, design or product for the use for which it is intended and may also include a measure of the competency of a supplier. "Functionality" is also referred to as "Quality".

1.26 **Granting of Rights:** means the granting by the Municipality of the right to use, control or manage capital assets in circumstances where sections 14 and 90 of the MFMA and Chapters 2 and 3 of the Municipal Asset Transfer Regulations do not

apply. In other words, where the granting of such rights does not amount to "transfer" or "disposal" of the asset and which includes leasing, letting, hiring out, etc, of the capital asset.

1.27 **Green Procurement:** is defined as taking into account environmental criteria for goods and services to be purchased in order to ensure that the related environmental impact is minimized.

1.28 **Highest acceptable tender** means a tender that complies with all specifications and conditions of tender and that has the highest price compared to other tenders;

1.29 **Historically Disadvantaged Individual (HDI)** – means a South African Citizen (1) 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, 1983 (Act No 110 of 1983) or the Constitution of the Republic of South Africa, 1993 (Act No 200 of 1993) ("the Interim Constitution"); and/or (2) Who is a female; and /or (3) Who has a disability; 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;

1.30 **Goods & Services** – refers to all items, supplies, materials and general support services, except consulting services and infrastructure projects, which may be needed in the transaction of the GLM's business or in the pursuit of any municipal undertaking, project or activity.

1.31 **Implementing Agent** means the decision maker/manager mandated by the Municipalityto implement projects and invite bids/quotations for procurement of any nature.

1.32 **Lowest acceptable tender** means a tender that complies with all specifications and conditions of tender and that has lowest price compared to other tenders

1.33 **In the service of the state:** means: a member of any municipal council, any provincial legislature or the National Assembly or the National Council of Provinces; an official of any municipality or municipal entity; 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, 1 of 1999; a member of the board of directors of any municipal entity; a member of the accounting authority of any national or provincial public entity; or an employee of Parliament or a provincial legislature

1.34 **Joint Venture or Consortium** means an association of persons/companies/close corporations/firms formed for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a tender or tenders. The Joint Venture must be formalized by agreement between the parties

1.35 **Municipal Asset Transfer Regulations:** means the Municipal Asset Transfer Regulations published in Government Gazette 31346 of 22 August 2008.

1.36 **Municipal Entity:** means an entity as defined in the Systems Act.

1.37 **Municipal Finance Management Act (MFMA):** means the Local Government: Municipal Finance Management Act, 56 of 2003

1.38 **Non-exempted Capital Asset:** means a municipal capital asset which is not exempted by section 14(6) or 90(6) of the MFMA, from the other provisions of that section.

1.39 **One-off Contract:** means a contract where specified goods, services or construction

1.40 **Person:** includes a natural or juristic entity.

1.41 **Preference points:** mean the points for preference referred to in this Policy.

1.42 **Preferential Procurement Policy Framework Act (PPPFA): means** the Preferential Procurement Policy Framework Act, 5 of 2000.

1.43 **Preferential Procurement Regulations:** means the regulations pertaining to the PPPFA.

1.44 **Prime Contractor:** shall have the same meaning as "Contractor".

1.45 **Promotion of Administrative Justice Act:** means the Promotion of Administrative Justice Act, 3 of 2000.

1.46 **Republic:** means the Republic of South Africa.

1.47 **Responsible Agent:** means those internal project managers being Municipality officials or external consultants appointed by the Municipality responsible for the administration of a project or contract.

1.48 **SARS:** means the South African Revenue Services.

1.49 **Small, Medium and Micro Enterprise (SMME)" -** means a separate and distinct business entity, including co-operative 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 mentioned in column 1 of the Schedule of the National Small Business Act,1996 (Act No. 102 of 1996) and which can be classified as a micro- a very small, a small or a medium enterprise by satisfying the criteria mentioned in columns 3,4 and 5 of the Schedule opposite the smallest relevant size or class as mentioned in column 2 of the Schedule.

1.50 **Sub-contractor:** means any person or entity that is employed, assigned, leased or contracted by the prime contractor to carry out work in support of the prime contractor in the execution of a contract. There must be a formalized agreement between the parties.

1.51 **Specific goals:** means specific goals as contemplated in section 2(1)(d) of the Act which may include contracting with persons, or categories of persons, historically

disadvantaged by unfair discrimination on the basis of race, gender and disability including the implementation of programmes of the Reconstruction and Development Program me as published in Government Gazette No. 16085 dated 23 November 1994.

1.52 **Tender:** means a written offer in the form determined by the municipality in response to an invitation to provide goods or services through price quotations, competitive tendering process or any other method envisaged in legislation.

1.53 **Tender for income-generating contracts:** means a written offer in the form determined by the municipality in response to an invitation for the origination of income-generating contracts through any method envisaged in legislation that will result in a legal agreement between the organ of state and a third party that produces revenue for the organ of state, and includes, but is not limited to, leasing and disposal of assets and concession contracts, excluding direct sales and disposal of assets through public auctions

1.54 **Supplier/Vendor** are generic terms which may include suppliers of goods and services, contractors and/or consultants.

1.55 **Central Supplier Database (CSD):** means the list of accredited prospective providersavailable on National Treasury CSD System in terms of Regulation 14 of the Supply Chain Management Regulations.

1.56 **Supply Chain Management (SCM) Regulations** means the Municipal Supply Chain Management Regulations published in Government Gazette 27636 of 30 May 2005.

1.57 **Systems Act** means the Local Government: Municipal Systems Act, 32 of 2000

1.58 **Term Bid:** means rates-based bid for the ad-hoc or repetitive supply of goods, services or construction works, where the individual rates are approved for use over a specified contract period.

1.59 **Treasury Guidelines:** means any guidelines on supply chain management issued by the Minister in terms of section 168 of the MFMA.

1.60 **Unsolicited Bid:** means an offer submitted by any person at its own initiative without having been invited by the Municipality to do so.

1.61 **Infrastructure is defined** as "immovable assets which are acquired, constructed or which results from construction operations or moveable assets which cannot function independently from purpose built immovable assets" while infrastructure delivery is defined as "the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure." Accordingly, infrastructure delivery management contextualisms the supply chain management system for infrastructure

2. POLICY STATEMENT

2.1 Introduction

2.1.1 Section 111 of the Municipal Finance Management Act requires each municipality and municipal entity to adopt and implement a supply chain management policy which gives effect to the requirements of the Act.

2.1.2 In addition, the Preferential Procurement Policy Framework Act requires an Organ of State to determine its Preferential Procurement Policy and to implement it within the framework prescribed. This requirement is given effect into the Preferential Procurement section of this Policy.

2.2 Purpose

2.2.1 To provide a mechanism to ensure sound, sustainable and accountable supply chain management within the Municipality, whilst promoting black economic empowerment, which includes general principles for achieving the following socio-economic objectives:

2.2.2 To stimulate and promote local economic development in a targeted and focused manner.

2.2.3 To promote resource efficiency and greening.

2.2.4 To facilitate creation of employment and business opportunities

2.2.5 To promote the competitiveness of local businesses.

2.2.6 To increase the small business sector access to procurement business opportunities created by Council.

2.2.7 To increase participation by small, medium and micro enterprises.

2.2.8 To promote joint venture partnerships.

2.3 Objectives

2.3.1 To implement a system that is fair, equitable, transparent, competitive and cost effective.

2.3.2 To comply with all applicable provisions of the Municipal Finance Management Act including the Municipal Supply Chain Management Regulations.

2.3.3 To align the policy of the municipality with the Preferential Procurement Regulation 2022 as Government Gazette no.47452 issued by the Minister of

Finance on 04 November 2022 which is effective from 16 January 2023

2.3.4 To ensure compliance with all other applicable legislation and any regulations

2.3.5 This Policy will also strive to ensure that the objectives for uniformity in supply chain management systems between organs of state, in all spheres, is not undermined and that consistency with national economic policy on the promotion of investments and doing business with the public sector is maintained

2.4 Oversight

2.4.1 Section 117 of the Municipal Finance Management Act prohibits a Municipality Councillor from being a member of a bid committee or any other committee evaluating or approving quotations or bids nor may a Municipality Councillor attend any such meetingas an observer.

2.4.2 Council, however, has an oversight role to ensure that the Accounting Officer implementsthis Supply Chain Management Policy.

2.4.3 The Mayor must provide general political guidance over the fiscal and financial affairs of the Municipality and may monitor and oversee the exercise of responsibilities assigned to the Accounting Officer and Chief Financial Officer in terms of the Municipal Finance Management Act.

2.4.4 For the purposes of such oversight, the Accounting Officer shall, within 10 (ten) working days of the end of each quarter, submit a report on the implementation of this Policy to the Mayor and, within 30 days of the end of each financial year, shall submit a similar such report to Council.

2.4.5 In addition, if any serious problem arises in relation to the implementation of this Policy,the Accounting Officer shall immediately report to Council accordingly.

2.4.6 All such reports shall be made public in accordance with section 21.(1)(a) of the SystemsAct.

2.5 Compliance with Ethical Standards

2.5.1 In order to create an environment where business can be conducted with integrity and in a fair and reasonable manner, this Policy will strive to ensure that the Accounting Officerand all representatives of the Greater Letaba Municipality involved in supply chain management activities shall act with integrity and in accordance with the highest ethical standards.

2.5.2 All supply chain management representatives shall adhere to and sign the code of conduct of municipal staff contained in schedule 2 of the Systems Act, and this Policy's Code of Ethical Standards.

3 GENERAL PROVISIONS AND APPLICATION OF POLICY

3.1 Application of Policy

3.1.1 This Policy applies to:

a. Procuring of goods or services, including construction works and consultant services.

b. The disposal of assets

3.1.2 The policy does not apply when Municipality contracts with another organs of state for:

a. The provision of goods or services to the Municipality.

b. The provision of a municipal service; or

c. The procurement of goods and services under a contract secured by that other organ of state, provided that the relevant supplier has agreed to such procurement and the other organ of state followed procurement process and supply proof thereof.

d. A report shall be submitted to the Bid Adjudication Committee seeking authority to contract with another organ of state.

3.1.3 The Policy provides for the following supply chain management systems:

a. Demand management system.

b. Acquisition management system.

c. Logistics management system.

d. Disposal management system.

e. Risk management system.

f. Performance management system.

3.2 Competency

3.2.1 The Accounting Officer shall ensure that all persons involved in the implementation of this Policy meet the prescribed competency levels, and where necessary, shall provide relevant training.

3.2.2 The training of officials involved in implementing this Policy shall be in accordance with any National Treasury guidelines on supply chain management training.

4 DEMAND MANAGEMENT SYSTEMS

4.1 Introduction

a. Demand management provides for an effective system to ensure that the resources requiredto support the strategic operational commitments of the Municipality are delivered at the correct time, at the right price and at the right location, and that the quantity and quality satisfy the needs of the Municipality.

b. In order to achieve effective demand management, the Chief Financial Officer shall continuously ensure:

c. That efficient and effective provisioning and procurement systems and practices are implemented to enable the Municipality to deliver the required quantity and quality of services to the communities.

d. The establishment of uniformity in policies, procedures, documents and contract options and the implementation of sound systems of control and accountability.

e. The development of a world-class professional supply chain management system which results in continuing improvement in affordability and value for money, based on total cost of ownership and quality of procurement as competition amongst suppliers is enhanced.

f. In dealing with suppliers and potential suppliers that the Municipality shall respond promptly, courteously and efficiently to enquiries, suggestions and complaints.

4.2 Major Activities

4.2.1 Demand management lies at the beginning of the supply chain and the major activities associated with identifying demand are:

a. Establishing requirements.

b. Determining needs; and

c. Deciding on appropriate procurement strategies.

4.2.2 Demand management accordingly shall involve the following activities:

a. Understanding the future needs.
b. Identifying critical delivery dates.
c. Identifying the frequency of the need.
d. Linking the requirement to the budget.
e. Conducting expenditure analyses based on past expenditure.
f. Determining requirements
g. Conducting commodity analyses in order to check for alternatives; and
h. Conducting industry analyses.

5 ACQUISITION MANAGEMENT SYSTEM

5.1 Introduction

5.1.1 The objectives of this acquisition management system are to ensure:

a. That goods and services, including construction works and consultant services are procured by the Municipality only in accordance with the authorized procedures incorporated herein.
b. That expenditure on goods and services, including construction works and consultantservices is incurred in terms of an approved budget
c. That the threshold values of the different procurement procedures are complied with.
d. That bid documentation, evaluation and adjudication criteria, and general conditions of contract are in accordance with the requirements of relevant legislation including, the Preferential Procurement Policy Framework Act, and any conditions of the Construction Industry Development Board Act; and
e. That procurement guidelines issued by the National Treasury are taken into account.

5.2 Application

This acquisition management system contains the general conditions and procedures whichare applicable, as amended from time to time, to all procurement, contracts, and orders for the Municipality.

5.3 General

5.3.1 Municipality Supplier Database or/ Central Supplier Database (CSD)

a. The Accounting Officer shall ensure that the Municipality's has Municipality Supplier Database and uses National Treasury supplier database (CSD) and request suppliers to update their Municipality Supplier Database or/ CSD annually, through newspapers locallyand nationally circulating, the website of the Municipality, and any other appropriate ways, invite prospective suppliers of goods and services, construction works and consultant services to apply for listing as an accredited

prospective supplier.

b. The municipality will advertise annually through newspapers commonly circulated locally and nationally, municipality website and any other ways invite prospective providers of goods or services to register with the Municipality Supplier Database.

c. The listing criteria and required documents for accredited prospective providers in the Municipality Database are:

- Name of supplier / service provider.
- Street address.
- Postal address.
- Contact person; Telephonic contact number – (Land line and cellular);
- Fax number.
- Email address.
- Vat registration information – if applicable.
- Banking details.
- Type of industry.
- Valid certification for specialized services.
- Original valid tax clearance certificate; and SARS Pin Letter
- CIDB registration if applicable.
- Municipal Statement in the name of directors or/ members or/Business not in arrears for more than 30 days or Proof of residence for Tribal Authority for Rural residence or Valid signed Lease Agreement.

d. The Accounting Officer shall disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.

e. Provided that if quotations are obtained from the serviced providers who are not listed on Municipality Supplier Database or/ CSD , such providers must meet the listing criteria in the SCM policy

f. When using the list of accredited prospective providers as per the Municipality Supplier Database or/ CSD, the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotational basis.

5.3.2 Combating Abuse of the Supply Chain Management Policy.

5.3.2.1 The Accounting Officer shall be entitled to take all reasonable steps to prevent abuse of thesupply chain management system and to investigate any allegations against

an official, or other role player, of fraud, corruption, favouritism, unfair, irregular or unlawful practices or failure to comply with the supply chain management system and when justified in terms of administrative law:

a. Shall take appropriate steps against such official or other role player; or
b. Shall report any alleged criminal conduct to the South African Police Service;
c. May reject a recommendation for the award of a contract if the recommended bidder or person submitting a quote, or any of its directors, has committed a corrupt or fraudulent actin competing for the particular contract;
d. May invalidate recommendations or decisions that were unlawfully or improperly made, taken or influenced, including recommendations or decisions that were made, taken or in any way influenced by:
    I. Councillors
    II. Municipal officials

5.3.3 The Accounting Officer may cancel a contract awarded to a person if:

a. The person committed a corrupt or fraudulent act during the procurement process or the execution of the contract; or
b. An official or other role player committed any corrupt or fraudulent act during the procurement process or in the execution of the contract that benefited that person.
c. The Accounting Officer may reject the bid or quote of any person if that person or any ofits directors has:
d. Failed to pay municipal rates and taxes or municipal service charges and such rates, taxes and charges as are in arrears for more than three months;
e. Failed, during the last five years, 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;
f. Abused the supply chain management system of the Municipality or has committed any improper conduct in relation to this system;
g. Been convicted of fraud or corruption during the past five years;
h. Wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
i. Has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act, 12 of 2004 or has been listed on National Treasury's database as a person prohibited from doing business with the public sector.

5.3.4 Appointment of Observer

The Accounting Officer may appoint a neutral or independent observer in order to ensure fairness and transparency in the application of this acquisition management

system.

5.3.5 Contracts Having Budgetary Implications beyond Three Financial Years

The Municipality may not enter into any contract that will impose financial obligations beyond the three years covered in the annual budget for that financial year, unless the requirements of Section 33 of the Municipal Finance Management Act have been fully complied with.

5.3.6 Proudly South African Campaign

The Municipality supports the Proudly South African Campaign and may identify, as a specific goal the promotion of South African owned enterprises.

5.4 Specialized forms of procurements

5.4.1 Acquisition of Goods or Services from other Organs of State or Public Entities

In the case of goods or services procured from another organ of state or public entity (including the Department of Water Affairs, Eskom or any other such entities), such procurement shall be made public, giving details of the nature of the goods or services to be procured and the name/s of the supplier/s.

5.4.2 Acquisition of Goods and Services under Contracts secured by other Organs of State

5.4.2.1 The Accounting Officer may procure goods or services under a contract secured by anotherorgan of state, but only if:

5.4.2.1.1 The contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;

5.4.2.1.2 The municipality or entity has no reason to believe that such contract was not validly procured;

5.4.2.1.3 There are demonstrable discounts or benefits for the municipality or entity to do so; and

5.4.2.1.4 That other organ of state and the provider have consented to such procurement in writing.

5.4.2.1.5 The Municipality must secure proof of competitive bidding processes followed.

5.4.3 Acquisition of Banking Services

5.4.3.1 A contract for the provision of banking services to the municipality-

5.4.3.1.1 Must be procured through competitive bids;

5.4.3.1.2 Must be consistent with section 7 of the Act; and

5.4.3.1.3 May not be for a period of more than five years at a time.

5.4.3.2 The process for procuring a contract for banking services must commence at least

nine months before the end of an existing contract.

5.4.3.3 The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of regulation 22(1).

5.4.4 Acquisition of IT Related Goods or Services

5.4.4.1 If the transaction value of IT related goods or services exceeds R50 million in any financialyear, or if the transaction value of a single contract (whether for one or more years) exceeds R50 million, the Accounting Officer must notify the State Information Technology Agency (SITA) together with a motivation of the IT needs of the Municipality.

5.4.4.2 If SITA comments on the submission and the Municipality disagrees with such comment, the comments and the reasons for rejecting or not following such comments must be submitted to the Council, the Provincial and National Treasury, and the Auditor General prior to awarding the bid

5.4.4.3 Notwithstanding the above, the Accounting Officer may request the SITA to assist with theacquisition of IT related goods or services in which case the parties must enter into a written agreement to regulate the services provided by, and the payments to be made to, theSITA.

5.4.5 Acquisition of Goods Necessitating Special Safety Arrangements

5.4.5.1 Goods, other than water, which necessitate special safety arrangements (for example,flammable products, poisons), may not be acquired in excess of immediate requirements unless there is sound financial justification therefor.

5.4.5.2 Where the storage of goods, other than water in bulk is justified, the Accounting Officer may authorise such storage and the decision must be based on sound reasonincluding total cost of ownership and cost advantages for the Municipality.

5.4.6 Public-Private Partnerships

Part 2 of chapter 11 of the MFMA applies to the procurement of public-private partnership agreements. Section 33 also applies if the agreement will have multi-year budgetary implications for the Municipality within the meaning of that section.

5.4.7 Publications in Newspapers

In respect of any contract relating to the publication of official and legal notices and advertisements in the press by or on behalf of the Municipality, this policy should be followed.

5.4.8 Community Based Vendors

The municipality may request written quotations directly from Community Based

Vendors in a specific area or from a specific community for the procurement of goods and services for amounts less than R30 000 (including construction works).

5.5 Range of Procurement Processes

Goods and services, including construction works and consultant services shall be procured through the range of procurement processes set out below.

5.5.1 Competitive Bids

Where the estimated transaction value exceeds R300 000 (VAT inclusive), or for any contract exceeding one year in duration (which includes any defects liability period, if applicable).

5.5.2 Term Bids

For the supply of goods and services or construction works that is of an ad-hoc or repetitive nature for a predetermined period of time.

5.5.3 Formal Written Price Quotations

5.5.3.1 Where the estimated transaction value exceeds R2 000 (VAT inclusive) but less than or equal to R300 000 (VAT inclusive).

5.5.3.2 Goods and services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy; and when determining transaction value, a requirement for goods or service consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

5.5.3.3 Accounting Officer must take all reasonable steps to ensure that the procurement of goods and services through formal written price quotations is not abused.

5.5.3.4 The accounting officer or CFO must on a monthly basis be notified in writing of all formal written price quotations accepted by an official acting in terms of a sub delegation.

5.5.4 Procurement of Consulting Services

5.5.4.1 Where the estimated value of fees exceeds R300 000 (VAT inclusive) or where the duration of the appointment will exceed one year, a competitive bidding process shall apply.

5.5.4.2 Where the estimated value of fees is less than or equal to R300 000 (VAT inclusive) and the duration of the appointment will be less than one year, a selection process as described in this Policy, as amended from time to time, shall be applied.

5.5.5 Reduction in Threshold Values

The Accounting Officer may lower, but not increase, the different threshold values specified in the acquisition management system of this Policy.

5.6 General Conditions Applicable to Bids and Quotations

5.6.1 The Municipality shall not consider a bid or quote unless the bidder who submitted the bid or quote:

5.6.1.1 Has furnished the Municipality with that bidder's:

- Full name;
- Identification number or company or other registration number; and
- Tax reference number; and
- VAT registration number, if any;
- Certificate of attendance at a compulsory site inspection, where applicable;
- Municipal Statement in the name of directors or/ members or/Business not in arrears for more than 30 days or Proof of residence for Tribal Authority for Rural residence or Valid Lease Agreement signed by both parties.

5.6.1.2 Has submitted an original and valid tax clearance certificate and the SARS pin letter certifying that the provider's tax matters are in order; and

5.6.1.3 Has indicated:

- Whether the provider is in the service of the state, or has been in the service of the state in the previous twelve months;
- If the provider is not a natural person, whether any of the directors, managers, principal shareholders or stakeholders is in the service of the state, or has been in the service of the state in the previous twelve months; or
- Whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in sub-clause 78 (c) point 3 is in the service of the state, or has been in the service of the state in the previous twelve months.

5.6.2 Irrespective of the procurement process, the Municipality may not make any award above R15 000, to a person who's tax matters have not been declared by the SARS to be in order.

5.6.3 Before making an award the Municipality must check with SARS if the tax matters are in order and, if SARS does not respond within seven days such person's tax matters may, for the purposes of clause 76, be presumed to be in order.

5.6.4 Irrespective of the procurement process followed, the Municipality is prohibited from making an award to a person:

5.6.4.1 Who is in the service of the state;

5.6.4.2 If the person is not a natural person, of which any director, manager or principal shareholder or stakeholder is in the service of the state; or

5.6.4.3 Who is an advisor or consultant contracted with the Municipality (refer to clause 98 in this regard).

5.6.5 The Accounting Officer shall ensure that the notes to the annual financial statements of the Municipality disclose particulars of any award to a person who is a spouse, child or parent of a person in the service of the state, or who has been in the service of the state in the previous twelve months, including:

5.6.5.1 The name of the person;

5.6.5.2 The capacity in which the person is in the service of the state: and

5.6.5.3 The amount of the award.

5.7 Competitive Bids

5.7.1 General

5.7.1.1 Competitive bids must be called for any procurement of goods or services, construction.

works, or consultant services above a transaction value of R300 000 (VAT inclusive), and for any contract exceeding one year in duration.

5.7.1.2 Goods or services, construction works, or consultant services may not be split into parts or items of lesser value merely to avoid complying with the requirements relating to competitive bids.

5.7.1.3 When determining transaction values, a requirement for goods or services, construction works or consultant services consisting of different parts or items must as far as possible betreated and dealt with as a single transaction.

5.7.2 Bid Specifications

5.7.2.1 Bid specifications must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services.

5.7.2.2 Bid specifications must take account of any accepted standards such as those issued by South African National Standards, the International Standards Organisation, or any authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply.

5.7.2.3 Bid specifications shall, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design.

5.7.2.4 Bid specifications 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.

5.7.2.5 Bid specifications may not make any 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 "or equivalent".

5.7.2.6 Bid specifications and/or bid documentation must indicate each specific goal for which adjudication points may be awarded.

5.7.2.7 Bid specifications and/or bid documentation must be approved by the Accounting Officer or his delegated authority prior to publication of the invitation for bids.

5.7.2.8 Where specifications are based on standard documents available to bidders, a reference to those documents is sufficient.

5.7.3 Bid Specification Committee

5.7.3.1 All bid specifications and bid documentation must be compiled by a standard bid specification committee duly appointed by the Accounting Officer.

5.7.3.2 The Bid Specification Committee may be comprised of Municipality officials, an appointed Chairperson, a responsible official and at least one Supply Chain Management Practitioner of the Municipality.

5.7.3.3 Where appropriate a representative of Internal Audit and/or Legal Services and/or an external specialist advisor may form part of this committee.

5.7.3.4 Green procurement must as far as reasonably possible be incorporated for all specificationsof goods, services and construction works.

5.7.3.5 In the development of bid specifications, innovative mechanisms should be explored to render the service or product more resource and energy efficient

5.7.3.6 The Accounting Officer or his delegated authority, shall, take into account section 117 of the MFMA, when appointing the members of the Bid Specification Committees.

5.7.3.7 No person, advisor or corporate entity involved with the bid specification committee, or director of such corporate entity, may bid for any resulting contracts.

5.7.3.8 Bid Specification Committee meetings must be conducted in accordance with the applicable Rules of Order Regulating the Conduct of Meetings.

5.7.4 Compilation of Bid Documentation

5.7.4.1 If the bid relates to construction works as contemplated by the Construction Industry Development Board Act, then the requirements of that Act must be taken into account inthe bid documentation.

5.7.4.2 General conditions of contract and supply chain management guidelines of the National Treasury in respect of goods and services must be taken into account when compiling bid documents.

5.7.4.3 Bid documentation must clearly indicate the terms and conditions of contract, specifications, criteria for evaluation and adjudication procedures to be followed where applicable, and include whether site inspections are compulsory.

5.7.4.4 Bid documentation must clearly indicate the closing date of the tender.

5.7.4.5 The requirements of the preferential procurement section of this Policy must be clearly set out in the bid documentation.

5.7.4.6 The bid documentation and evaluation criteria shall not be aimed at hampering competition, but rather to ensure fair, equitable, transparent, competitive and cost effective bidding, as well as the protection or advancement of persons, or categories of persons, as embodied in the preferential procurement section of this Policy.

5.7.4.7 The bid documentation must require a bidder to furnish the following:

a. The bidders full name;
b. The identification number or company or other registration number;
c. The bidders tax reference number and VAT registration number, if any; and
d. An original valid tax clearance and SARS Pin Letter from the South AfricanRevenue
e. Services stating that the bidders tax matters are in order.

Bid documentation must stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation) or, where unsuccessful, in a court of South African law.

5.7.4.8 A provision for the termination/cancellation of the contract in the case of non-or under- performance must be included in the bid documentation.

5.7.4.9 Unless otherwise indicated in the bid documents, the Municipality shall not be liable for any expenses incurred in the preparation and/or submission of a bid.

5.7.4.10 Bid documentation must state that the Municipality shall not be obliged to accept the lowest bid, any alternative bid or any bid.

5.7.4.11 Unless the Accounting Officer otherwise directs bids are invited in the Republic only.

5.7.4.12 Laws of the Republic shall govern contracts arising from the acceptance of bids.

5.7.4.13 Bid documentation must compel bidders to declare any conflict of interest they may havein the transaction for which the bid is submitted.

5.7.4.14 The bid documentation must require bidders to disclose:

a. Whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;

b. If the bidder 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 thestate in the previous twelve months; or

c. Whether a spouse, child or parent of the bidder or of a director, manager, shareholder orstakeholder is in the service of the state,or has been in the service of the state in the previous twelve months.

5.7.4.15 Bid documentation for consultant services must require bidders to furnish the Municipality with particulars of all consultancy services, and any similar services (to the services being bid for) provided to an organ of state in the last five years.

5.7.4.16 Bid documentation for consultant services must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, item, system or process designed or devised by a consultant in terms of an appointment by the Municipality, shall vest in the Municipality.

5.7.5 Bids exceeding R10 million

5.7.5.1 The estimated value of the transaction exceeds R10 million (VAT included), the bid documentation must require the bidders to furnish:

a. If the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements -

b. For the past three years, or

c. Since their establishment if established during the past three years,

d. 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 30 days.

e. 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, and

f. 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 is expected to be transferred out of the Republic.

5.7.6 Alternative Bids

5.7.6.1 Bid documentation may state that alternative bids can be submitted provided that a bid free of qualifications and strictly in accordance with the bid documents is also submitted.

5.7.6.2 An alternative bid shall be submitted on a separate complete set of bid documents and shallbe clearly marked "Alternative Bid" to distinguish it from the unqualified bid referred to above.

5.7.6.3 Bid documentation shall state that the Municipality will not be bound to consider alternative bids.

5.7.7 Public Invitation for Competitive Bids

5.7.7.1 On completion of the bid specification and bid document processes the Municipality shall publicly invite bids.

5.7.7.2 Bid invitation shall be by notice published in the press, in local and national newspapers, inEnglish and on the Municipality's official website.

5.7.7.3 The bid notice shall, as soon as possible after the publication contemplated above, be posted on official notice boards designated by the Accounting Officer.

5.7.7.4 The bid notice may require payment of a non-refundable tender fee by bidders wanting to collect bid documents. These tender fees shall be determined as per the approved tariffs.

5.7.7.5 The public notice contemplated above shall specify:

a. The title of the proposed contract and the bid or contract reference number;

b. Such particulars of the contract as the Municipality deems fit;

c. The date, time and location of any site inspection, if applicable;

d. The place where the bid documentation is available for collection and the times betweenwhich bid documentation may be collected;

e. That bids may only be submitted on the bid documentation provided by the Municipality;

f. The deposit payable, if any;

g. The place where bids must be submitted;

h. The closing date and time for submission of bids; and

i. The required CIDB contractor grading for construction work.

5.7.7.6 The bid notice shall further state that all bids for the contract must be submitted in a sealed envelope on which it is clearly stated that such envelope contains a bid and the contract title and contract or bid reference number for which the bid is being submitted.

5.7.7.7 Bid documentation shall be available for collection until the closing date of bids.

5.7.8 Issuing of Bid Documents

5.7.8.1 Bid documents and any subsequent notices may only be issued by officials designated by the Chief Financial Officer from time to time.

5.7.8.2 Details of all prospective bidders who have been issued with bid documents must be recorded by the issuing office but shall remain confidential for the duration of the bid period.

5.7.8.3 Details of prospective bidders must, wherever possible, include the full name of the person drawing documents, a contact person, a contact telephone and fax number and a postal and email address.

5.7.9 Site Inspections

5.7.9.1 Site inspections will be compulsory, in exceptional circumstances however, a site inspection may not be compulsory with the approval of the Chief Financial Officer, provided that the minimum bid period is extended by at least 7 (seven) days in case of a site inspection.

5.7.9.2 If site inspections are to be held, full details must be included in the bid notice, including whether or not the site inspection is compulsory.

5.7.9.3 Where site inspections are made compulsory, the date for the site inspection shall be atleast 7 (seven) days after the bid has been advertised, and a certificate of attendance signed by the responsible agent must be submitted with the bid.

5.7.9.4 If at a site meeting, any additional information is provided or clarification of vague pointsis given, such additional information or clarification must be conveyed to all bidders in accordance with the stipulations of this Policy.

5.7.10 Two-stage (Pre-qualification) Bidding Process

5.7.10.1 In a two-stage (pre-qualification) bidding process, bidders are first invited to prequalify in terms of predetermined criteria, without being required to submit

detailed technical proposals (where applicable) or a financial offer.

5.7.10.2 In the second stage, all bidders that qualify in terms of the predetermined criteria will be shortlisted and invited to submit final technical proposals (where applicable) and/or a financial officer

5.7.10.3 This process may be applied to bids for large complex projects of a specialist or long term nature or where there are legislative, design, technological and/or safety reasons to restrict bidding to firms who have proven their capability and qualification to meet the specific requirements of the bid, including projects where it may be undesirable to prepare complete detailed technical specifications or long term projects with a duration exceeding three years.

5.7.10.4 The notice inviting bidders to pre-qualify must comply with the provisions of public invitation for competitive bids as stipulated in this policy.

5.7.10.5 Once bidders have pre-qualified for a particular project, they shall be given not less than 7 (seven) days to submit a final technical proposal (where applicable) and/or a financialoffer.

5.7.11 Two Envelope System

A two envelope system differs from a two-stage (pre-qualification) bidding process in that a technical proposal and the financial offer are submitted in separate envelopes at the same place and time. The financial offers will only be opened once the technical proposals have been evaluated.

5.7.12 Validity Periods

5.7.12.1 The period for which bids are to remain valid and binding must be indicated in the bid documents.

5.7.12.2 The validity period is calculated from the bid closure date and bids shall remain in force and binding until the end of the final day of that period.

5.7.12.3 This period of validity may be extended by the Chairperson of the Bid.

5.7.12.4 Evaluation Committee, provided that the original validity period has not expired, and that all bidders are given an opportunity to extend such period. Any such extension shall be agreed to by a bidder in writing.

5.7.12.5 Bidders who fail to respond to such a request before their tender lapses, or who declinesuch a request shall not be considered further in the bid evaluation process.

5.7.12.6 The responsible official must ensure that all bidders are requested to extend the

validity period of their bids where necessary in order to ensure that the bids remain valid throughout the appeal period or until the appeal is finalised. If bidders are requested to extend the validity period of their bids as a result of an appeal being lodged it must bemade clear to bidders that this is the reason for the request.

5.7.13 Contract Price Adjustment

5.7.13.1 For all contract periods equal to or exceeding one year, an appropriate contract price adjustment formula must be specified in the bid documents. In general, if contract periods do not exceed one year, the bid shall be a fixed price bid and not subject to contract price adjustment.

5.7.13.2 However, if as a result of any extension of time granted, the duration of a fixed price contract exceeds one year, the contract will automatically be subject to contract price adjustment for that period by which the extended contract period exceeds such one year.An appropriate contract price adjustment formula must be specified in the bid documents.

5.7.13.3 If the bid validity period is extended, then contract price adjustment may be applied.

5.7.14 Contracts providing for Compensation Based on Turnover

5.7.14.1 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.

5.7.15 Provisional Sums and Prime Cost Items

5.7.15.1 If monetary allowances in excess of R300 000 for 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 a competitive bidding process, as determined by the Chief Financial Officer from time to time, shall be followed in respect of these sums/items.

5.7.15.2 When monetary allowances of less than R300 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.

Samples

5.7.15.3 Where samples are called for in the bid documents, samples (marked with the bid and item number as well as the bidder's name and address) shall be delivered

separately (to the bid) to the addressee mentioned in the bid documents.

5.7.15.4 Bids may not be included in parcels containing samples.

5.7.15.5 If samples are not submitted as required in the bid documents or within any further time stipulated by the Chairperson of the Bid Evaluation Committee in writing, then the bid concerned may be declared non-responsive.

5.7.15.6 Samples shall be supplied by a bidder at his/her own expense and risk. The Municipality shall not be obliged to pay for such samples or compensate for the loss thereof, unless otherwise specified in the bid documents, and shall reserve the right not to return such samples and to dispose of them at its own discretion.

5.7.15.7 If a bid is accepted for the supply of goods according to a sample submitted by the bidder, that sample will become the contract sample. All goods/materials supplied shall comply in all respects to that contract sample. Closing of Bids

5.7.15.8 Bids shall close on the date and at the time stipulated in the bid notice.

5.7.15.9 For bids for goods and services the bid closing date must be at least 14 (fourteen) days after publication of the notice.

5.7.15.10 For construction works the bid closing date must be at least 21 (twenty one) days after publication of the notice.

5.7.15.11 Notwithstanding the above, if the estimated contract value exceeds R10 million (VAT included), or if the contract is of a long term nature with a duration period exceeding one year, then the bid closing date must be at least 30 (thirty) days after publication of the notice.

5.7.15.12 For banking services, the bid closing date must be at least 60 (sixty) days after publication of the notice.

5.7.15.13 For proposal calls using a two envelope system, the bid closing date must be at least 30 (thirty) days after publication of the notice.

5.7.15.14 The bid closing date may be extended by the Chief Financial Officer if circumstances justify this action; provided that the closing date may not be extended unless a notice is published in the press prior to the original bid closing date. This notice shall also be posted on the official notice boards designated by the Accounting Officer, and a notice to all bidders to this effect shall be issued.

5.7.15.15 The Accounting Officer may determine a closing date for the submission of bids which is less than any of the periods specified in clauses 165 to 169 above, 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.

5.7.16 Communication with bidders before bid closing

5.7.16.1 The Bid Specification Committee Chairperson may, if necessary, communicate with bidders prior to bids closing.

5.7.16.2 Such communication shall be in the form of a notice issued to all bidders by the Chief Admin: Supply Chain Management by either e-mail or facsimile as appropriate. A copy of the notice together with a transmission verification report/proof of posting shall be kept for record purposes. Notices should be issued at least one week prior to the bid closing date, where possible.

5.7.16.3 Notwithstanding a request for acknowledgement of receipt of any notice issued, the bidder will be deemed to have received such notice if the procedures in clause 164 have been complied with.

5.7.17 Submission of Bids

5.7.17.1 Each bid must be in writing using non-erasable ink and must be submitted on the official Form of Bid/Offer issued with the bid documents. All documents must be package together

in one document.

5.7.17.2 The bid must be submitted in a separate sealed envelope with the name and address of the bidder, the bid number and title, the bid box number (where applicable), and the closing date indicated on the envelope. The envelope may not contain documents relating to any bid other than that shown on the envelope. Only sealed bids will be accepted.

5.7.17.3 The onus shall be on the bidder to place the sealed envelope in the official, marked and locked bid box provided for this purpose, at the designated venue, not later than the closingdate and time specified in the bid notice.

5.7.17.4 Postal and electronic bids will not be accepted.

5.7.17.5 No bids forwarded by telegram, facsimile or similar apparatus shall be considered. However, Photostat copies of bids or facsimiles which are submitted in the prescribed manner will be considered, provided the original Forms of Bid/Offer can be shown to have been posted or couriered prior to the close of bids.

5.7.17.6 No official or political office bearer of the Municipality may submit a bid on behalf of the bidding partner.

5.7.17.7 The bidder shall choose a domicilium citandi et executandi in the Republic and unless notice of the change thereof has duly been given in writing, it shall be the address stated in the bid.

5.7.17.8 No person may amend or tamper with any bids or quotations after their submission.

5.7.18 Late Bids

5.7.18.1 A bid is late if it is not placed in the relevant bid box by the closing date and time for such bid.

5.7.18.2 A late bid shall not be admitted for consideration and where feasible shall be returned unopened to the bidder with the reason for the return thereof endorsed on the envelope.

5.7.19 Opening of Bids – Normal bids

5.7.19.1 At the specified closing time on the closing date the applicable bid box shall be closed.

5.7.19.2 The bid box shall be opened in public as soon as practical after the closing time.

5.7.19.3 Immediately after the opening of the bid box, all bids shall be opened in public.

5.7.19.4 The official opening the bids shall in all cases read out the name of the bidder and, if practical, the amount of the bid.

5.7.19.5 As soon as a bid or technical proposal has been opened:

a. The bid/proposal shall be stamped with the official stamps, and endorsed with theopening official's signature;

b. The name of the bidder, and where possible, the bid sum shall be recorded in a bidopening record kept for that purpose; and

c. The responsible official who opened the bid shall forthwith place his/her signature onthe bid opening record/register.

5.7.19.6 The bid opening register must be made available for public inspection.

5.7.19.7 All entries in the opening record/register and the bid results must be published on the website of the municipality.

5.7.19.8 Bids found to be inadvertently placed in the incorrect bid box will be redirected provided that the applicable bids either closed on the same day at the same time, or are still open (in which case the Municipality disclaims any responsibility for seeing that the bids are in fact lodged in the correct bid box). A record of all bids placed in an incorrect box shall be kept.

5.7.19.9 Bids received in sealed envelopes in the bid box without a bid number or title on the envelope will be opened at the bid opening and the bid number and title ascertained. If the bid was in the correct bid box it will be read out. If the bid is found to be in the incorrectbid box, it will be redirected provided that the applicable bids either closed on the sameday at the same time, or are still open. If the bid closes at a later date, the bid will be placedin a sealed envelope with the bid number and title endorsed on the outside, prior to being lodged in the applicable box. The Municipality however disclaims any responsibility for seeing that the bid is in fact lodged in the correct box.

5.7.19.10 Opening of Bids where a Two Envelope System (consisting of a technical proposal and a financial proposal) is followed will be conducted in the following manner:

5.7.19.11 Only the technical proposal will be opened at the bid opening.

5.7.19.12 The unopened envelope containing the financial proposal shall be stamped and endorsed with the opening official's signature, and be retained by him/her for safekeeping.

5.7.19.13 When required the financial offers/bids corresponding to responsive technical proposals, shall be opened by the opening official in accordance with clauses stipulated in Section of this policy.

5.7.19.14 All bidders who submitted responsive technical proposals must be invited to attend the opening of the financial offers/bids.

5.7.19.15 Envelopes containing financial offers/bids corresponding to non-responsive technical proposals shall be returned unopened along with the notification of the decision of the Bid Adjudication Committee in this regard.

5.7.19.16 After being recorded in the bid opening record/register, the bids/technical proposals shallbe handed over to the official responsible for the supervision of the processing thereof and that official shall acknowledge receipt thereof by signing the bid opening record.

5.7.20 Invalid Bids

5.7.20.1 Bids shall be invalid, and shall be endorsed and recorded as such in the bid opening

record/register by the responsible official appointed by the Chief Financial Officer to open the bid, in the following instances:

a. If the bid is not sealed;
b. The bid, including the bid price/tendered amount, where applicable is not submitted onthe official Form of Bid/Offer;
c. If the bid is not completed in non-erasable ink;
d. If the Form of Bid/Offer has not been signed;
e. If the Form of Bid/Offer is signed, but the name of the bidder is not stated, or isindecipherable; or
f. If in a two envelope system, the bidder fails to submit both a technical proposal and aseparate sealed financial offer/bid.

5.7.20.2 When bids are declared invalid at the bid opening, the bid sum of such bids shall not be read out. However, the name of the bidder and the reason for the bid having been declared invalid shall be announced.

5.7.21 Bid Sum

5.7.21.1 A bid will not necessarily be invalidated if the amount in words and the amount in figures do not correspond, in which case the amount in words shall be read out at the bid opening.

5.7.21.2 All rates, with the exception of rates only bids, and proprietary information are confidentialand shall not be disclosed.

5.7.22 Bid Evaluation

5.7.22.1 General

5.7.22.1.1 The Municipality shall not be obliged to accept any bid

5.7.22.1.2 For goods and services bids, the Municipality shall have the right to accept the whole bidor part of a bid or any item or part of an item or accept more than one bid.

5.7.22.2 Bid Evaluation Committee

5.7.22.2.1 A Bid Evaluation Committee which shall be responsible for evaluating the bids received.

5.7.22.2.2 The Bid Evaluation Committee shall be comprised of at least three Municipality officials, an appointed Chairperson (who may not be the same person as the Chairperson of the Bid Specification Committee), a responsible official and at least one Supply Chain Management Practitioner of the Municipality.

5.7.22.2.3 Where appropriate, a representative of Internal Audit and/or Legal Services may form part of this committee, which may also include other internal specialists/experts as necessary. External specialists/experts may advise the Bid Evaluation Committee, as required.

5.7.22.2.4 The Accounting Officer, or his delegated authority, shall, taking into account Section 117of the MFMA, appoint the members of the Bid Evaluation Committees.

5.7.22.2.5 Bid Evaluation Committee meetings must be conducted in accordance with

5.7.22.2.6 Applicable Rules of Order Regulating the Conduct of Meetings

5.7.22.2.7 Members who were part of the bid specification committee may attend the bid evaluation committee on advisory role and may not evaluate or vote.

5.7.23 Bid Evaluation

5.7.23.1 The Assistant Director: SCM shall carry out a review of all valid bids received and registered in the register and generate and submit a report to the Bid Evaluation Committeefor consideration and use during the bid evaluation process. The purpose of this review will be to ensure that bids received agree to the advertised bid specifications and that all compulsory documents are attached to bids.

5.7.23.2 Any evaluation of a bid shall consider the bids received registered and shall note for inclusion in the evaluation report, a bidder:

a. Bid does not comply with the provisions for combating abuse of this Policy;
b. Whose bid does not comply with the general conditions applicable to bids and quotations of this Policy;
d. Whose bid is not in compliance with the specification;
e. Whose bid does meet the minimum score for functionality, if applicable;
f. Whose bid is not in compliance with the terms and conditions of the bid documentation;
g. Whose bid does not comply with any minimum goals stipulated in terms of the preferential procurement section of this Policy;

h. Who, in the case of construction works acquisitions, does not comply with the

requirements of the Construction Industry Development Board Act regarding registration of contractors;

i. Who has failed to submit an original and valid tax clearance certificate from the South African Revenue Services (SARS) certifying that the taxes of the bidder are in order or that suitable arrangements have been made with SARS, and

j. Who fails to comply with any applicable Bargaining Council agreements;

5.7.23.3 Bids shall be evaluated according to the following as applicable:

a. Bid price (corrected if applicable and brought to a comparative level where necessary),

b. The unit rates and prices,

c. The bidder's ability to execute the contract,

d. Functionality where applicable;

e. Any qualifications to the bid,

f. The bid ranking obtained in respect of preferential procurement as required by this Policy,

g. The financial standing of the bidder, including its ability to furnish the required institutional guarantee, where applicable,

h. Registration with National Treasury Central Supplier Database (CSD)

i. Any other criteria specified in the bid documents.

5.7.23.4 No bidder may be recommended for an award unless the bidder has demonstrated that ithas the resources and skills required to fulfil its obligations in terms of the bid document.

5.7.23.5 The Bid Evaluation Committee shall check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears.

5.7.23.6 Additional information or clarification of bids may be called for if required but only in writing.

5.7.23.7 Alternative bids may be considered, provided that a bid free of qualifications and strictly inaccordance with the bid documents is also submitted. The Municipality shall not be bound to consider alternative bids.

5.7.23.8 If a bidder requests in writing, after the closing of bids, that his/her bid be withdrawn, then such a request may be considered and reported in the bid evaluation report for decision by the Bid Adjudication Committee.

5.7.23.9 The bidder obtaining the highest number of points should be recommended for acceptance unless there are reasonable and justifiable grounds to recommend another bidder.

5.7.23.10 If, after bids have been brought to a comparative level, two or more score equal total adjudication points, the recommended bidder shall be the one scoring the highest preference points.

5.7.23.11 If two or more bids are equal in all respects, the Bid Evaluation Committee shall draw lots to decide on the recommendation for award, or may, in the case of goods and services, recommend splitting the award proportionately, where applicable.

5.7.23.12 All disclosures of a conflict of interest shall be considered by the Bid Evaluation Committee and shall be reported to the Bid Adjudication Committee.

5.7.24 Recommendation to Bid Adjudication Committee

The Bid Evaluation Committee should, after taking into consideration the Assistant Director: SCM's review report, draft and submit a detailed evaluation report including recommendations regarding the evaluation of the bids or any other related matter, to the Bid Adjudication Committee for award.

5.7.25 Bid Adjudication

5.7.25.1 Bid Adjudication Committee

5.7.25.1.1 The Bid Adjudication Committee shall comprise at least four directors, and shall include:

a. The Chief Financial Officer or a Manager designated by the Chief Financial Officer;
b. At least one senior supply chain management practitioner of the Municipality; and
c. A technical expert in the relevant field who is an official of the Municipality, if theMunicipality has such an expert.

5.7.25.1.2 The Accounting Officer shall appoint the members and chairperson of the Bid Adjudication Committee. If the chairperson is absent from a meeting, the members of the committee who are present shall elect one of the committee members to preside at the meeting.

5.7.25.1.3 Not a member of a Bid Evaluation Committee, nor an advisor or person assisting such committee, may be a member of a Bid Adjudication Committee.

5.7.25.2 Adjudication and Award

5.7.25.2.1 The Bid Adjudication Committee shall consider the report and recommendations of the Bid Evaluation Committee and make a final award or make another recommendation to the Accounting Officer on how to proceed with the relevant

procurement.

5.7.25.2.2 The Bid Adjudication Committee may make an award to a preferred bidder on delegation of authority, subject to the Municipality Manager negotiating with the preferred bidder in terms of the stipulations of this Policy.

5.7.25.2.3 The Municipal Manager may at any stage of the bidding process, refer any recommendation made by the Bid Evaluation or Bid Adjudication Committee back to that committee for reconsideration of the recommendation.

5.7.26 Approval of Bid not recommended.

5.7.26.1 If a 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 awardingthe bid:

a. Check in respect of the preferred bidder whether that bidder's municipal rates and taxesand municipal service charges are not in arrears;

b. Check in respect of the preferred bidder that it has the resources and skills required tofulfil its obligations in terms of the bid document.

c. Notify the Accounting Officer.

5.7.26.2 The Accounting Officer may:

5.7.26.2.1 After due consideration of the reasons for the deviation ratify or reject the decision of the Bid Adjudication Committee referred to above.

5.7.26.2.2 If the decision of the Bid Adjudication Committee is rejected, refer the decision of the adjudication committee back to that committee for consideration.

5.7.26.2.3 May at any stage of a bidding process refer any recommendation made by the bid evaluation committee or the bid adjudication committee back to that committee for reconsideration or the recommendation.

5.7.26.2.4 If a bid other than the one recommended in the normal course of implementing this Policy is approved, then the Accounting Officer must, in writing and within ten working days, notify the Auditor-General, the Provincial Treasury and the National Treasury of thereasons for deviating from such recommendation.

5.7.26.2.5 The requirement of the clauses above does not apply if a different bid was approved in order to rectify an irregularity.

5.7.27 Reconsideration of Recommendations

The Accounting Officer may, at any stage of a bidding process, refer any recommendation made by the Bid Evaluation Committee or Bid Adjudication Committee back to that Committee for reconsideration of the recommendation.

5.7.28 Negotiations with Preferred Bidders

5.7.28.1 The Accounting Officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders provided that such negotiation:

5.7.28.1.1 Does not allow any preferred bidder a second or unfair opportunity;

5.7.28.1.2 Is not to the detriment of any other bidder; and

5.7.28.1.3 Does not lead to a higher price than the bid as submitted.

5.7.28.1.4 Minutes of such negotiations must be kept for record purposes.

5.7.29 Cancellation of Bids

5.7.29.1 If it becomes necessary to cancel or re-advertise formal bids, then a report to this effect shall be submitted to the Bid Adjudication Committee for decision.

5.7.29.2 If bids have been cancelled, then all bidders must be notified in writing.

5.7.29.3 It is not necessary to notify original bidders when calling for new bids, which will be advertised in accordance with the relevant stipulations of this policy.

5.7.29.4 No bid may be re-advertised before the expiry of the validity period of the original bid, or any extended validity period.

5.7.29.5 Where no valid bids are received or where all bidders have indicated in writing that they have no objection to the re-advertisement of the bid, then the bid may be re-advertised forthwith.

5.7.29.6 In the case of bids for construction related works, and where the Bid Adjudication Committee resolved that there were no responsive tenders received, then the bid may be re-advertised forthwith.

5.7.30 Increase in Contract Period or Contract Sum

5.7.30.1 Any increase in the contract period (in respect of term bids) or contract sum (in respect of once-off contracts) that may become necessary as a result of exceptional circumstances, or which are considered to be in the public's interest, may be approved by the Bid Adjudication Committee. Such approval must be obtained prior to the contract period expiring or contract sum being exceeded.

5.7.30.2 Where community participation has been a part of the contract, the community must be advised of the proposed increase and be invited to provide written comment.

5.7.30.3 Any unapproved increases in the contract sum or contract period that have become necessary as a result of exceptional circumstances, or which have been considered to be in the public's interest, must be explained in a report to the Bid Adjudication Committeerequesting condonation and approval for such unapproved increase.

5.7.31 Term Bids

5.7.31.1 General

5.7.31.1.1 It is permissible to invite bids for the supply of goods and services or construction works that is of an ad-hoc or repetitive nature, for a predetermined period of time (commonly referred to as a term bid).

5.7.31.1.2 The general acquisition procedure for term bids shall comply with procedures contained in the acquisition management system for competitive bids.

5.7.31.1.3 Bid documentation, where applicable, shall state that the acceptance of term bids based ona schedule of rates will not necessarily guarantee the bidder any business with the Municipality.

5.7.31.1.4 The practice of using term bids to circumvent the bid process in respect of what should be planned project work is not permissible.

5.7.31.1.5 Material for repairs and maintenance can be purchased on a term bid where circumstances warrant it.

5.7.31.1.6 Additional items included in a term bid by any bidder which are clearly not an alternativeto any of the items specified shall not be considered.

5.7.32 Evaluation and Adjudication of Term Bids

5.7.32.1 The process for considering term bids shall be in terms of the evaluation and adjudication procedures for conventional competitive bids.

5.7.32.2 Subsequent to award, where different selections of items are required in terms of the same term bid and it is not possible or practical to separate orders for different items from different suppliers, service providers or contractors (in the case of construction works, for example), then a selection process will have to be carried out in respect of each application by the Assistant Director: SCM. Individual orders will then be placed (or contracts awarded) on the basis of the highest total evaluation points received, per application.

5.7.32.3 If the selected supplier, contractor or service provider, in terms of the selection process specified in the term bid documentation, is unable to provide the required goods, servicesor construction works at the required time and confirms as such in

writing then the bidder with the next highest evaluation points shall be selected. If after a contract is awarded, oran order is placed in terms of a term bid, the supplier, contractor or service provider fails tosupply the goods or service required, then the remedies in terms of the contract shall apply.

5.8 Formal Written Price Quotations

5.8.1 General

5.8.1.1 Where the Municipality intends to enter into any contract which is for the supply of any goods or services, or the execution of any construction work which involves or is likely to involve a transaction value over R2 000 and up to R300 000 (VAT inclusive), then a minimum of three written quotes shall be obtained from providers who are suitably qualified and experienced, having the necessary resources. Ongoing competition amongst providers shall be promoted, including by inviting providers to submit quotations on a rotational basis. Quotations may be obtained from providers who are not listed on the Municipality's supplier database provided that such providers must meet the listing criteria referred to in this Policy.

5.8.1.2 If it is not possible to obtain at least three written quotations, the reasons must be recorded and approved by the Chief Financial Officer.

5.8.1.3 The names of the potential providers and their written quotations must be recorded.

5.8.1.4 The practice of breaking out (parceling) projects in order to circumvent the competitivebid process is not permissible.

5.8.2 Quotation Documentation

All quotation documentation, where practicable, shall comply with the requirements of bid documentation contained in the acquisition management system for competitive bids.

5.8.3 Validity Periods

5.8.3.1 The period for which quotations are to remain valid and binding must be indicated on the quotations submitted.

5.8.3.2 Where the quotations have reached the end of the validity period and an appointment has not yet been made, the supply chain department must obtain new quotations from all the parties that have initially submitted quotations for a specific transaction.

5.8.4 Quotation Prices

5.8.4.1 In general, all quotations should be submitted on a fixed price basis (not subject to contractprice adjustment). Only in exceptional circumstances may contract price adjustment be applied.

5.8.4.2 Notwithstanding the clause above, if the quotation validity period is extended, then contract price adjustment may be applied on a proven, fair and reasonable basis.

5.8.5 Consideration and Acceptance of Quotations

All orders in respect of formal written price quotations shall be approved in writing and released by the Accounting Officer or his delegated authority before the end of the quotation validity period.

5.9 Appointment of Consultants

5.9.1 General

In the procurement of consulting services cognizance should be taken of any National Treasury guidelines in this respect or of Construction Industry Development Board Guidelines in respect of services relating to the built environment and construction works.

5.9.2 **Procurement Process (over R300 000)**

5.9.2.1 Where the estimated value of the fees exceeds R300 000 (VAT inclusive), or where the duration of the appointment will exceed one year, consulting services shall be procured through a competitive bidding process.

5.9.2.2 The practice of breaking out (parcelling) consultant appointments in order to circumvent the competitive bidding process is not permitted.

5.9.3 Procurement Process (up to R300 000)

5.9.3.1 Where the estimated value of the fees is less than or equal to R300 000 (VAT inclusive)and the duration of the appointment is less than one year, the selection of a consultant to provide the required service shall follow a formal written price quotation procedure as described in this Policy.

5.9.3.2 Responsible agents must endeavor to ensure that there is rotation in respect of

inviting suitably qualified consultants to quote.

5.9.3.3 A price/preference points system, as described in the preferential procurement section of this Policy, must be applied to such quotations.

5.9.3.4 Where it is in the interests of the Municipality to follow an advertised process, a formal competitive bidding process in accordance with the requirements of this policy may be followed.

5.9.4 Single-source Selection

5.9.4.1 National Treasury Guidelines provide for single-source selection in exceptional cases. The justification for single-source selection must be examined in the context of the overall interests of the Municipality and the project.

5.9.4.2 Single-source selection may be appropriate only if it presents a clear advantage overcompetition:

5.9.4.2.1 For services that represent a natural continuation of previous work carried out by theconsultant, and continuity of downstream work is considered essential;

5.9.4.2.2 Where rapid selection is essential;

5.9.4.2.3 For very small appointments;

5.9.4.2.4 When only one consultant is qualified, or has experience of exceptional worth for theproject.

5.9.4.3 The reasons for single-source selection must be fully motivated in a report and approved by the Bid Adjudication Committee prior to conclusion of a contract, provided that if the award is for an amount of R300 000 (VAT inclusive) or less, such award shall be approvedby the Chief Financial Officer.

5.10 Deviation from the Procurement Processes

5.10.1 General

5.10.1.1 The Accounting Officer may dispense with the official procurement processes established by this Policy, and procure any required goods or services through any convenient process, which may include direct negotiation / sourcing of one written price quotation, but only in respect of:

5.10.1.2 Any contract relating to an emergency as defined below and where it would not be in the interests of the Municipality to invite bids,

5.10.1.3 Any goods or services which are available from a single provider only,

5.10.1.4 The acquisition of special works of art or historical objects where specifications are difficult to compile;

5.10.1.5 Any contract in respect of which compliance therewith would not be in the public interest;

5.10.1.6 Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids; and

5.10.1.7 The Accounting Officer may condone a deviation from the procurement processes, provided that such deviation is limited to the circumstances stipulated in this policy.

5.10.1.8 Accounting Officer must record the reasons for any deviations and report them to the next meeting of the council and include a note to the annual financial statements.

5.10.2 Emergency Dispensation

5.10.2.1 The conditions warranting Emergency dispensation should include the existence of one or more of the following:

a. The possibility of human injury or death;
b. The prevalence of human suffering or deprivation of rights;
c. The possibility of damage to property, or suffering and death of livestock and animals;
d. The interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the Municipality as a whole;
e. The possibility of serious damage occurring to the natural environment;
f. The possibility that failure to take necessary action may result in the Municipality not being able to render an essential community service; and
g. The possibility that the security of the state could be compromised.

5.10.2.2 The prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, in order to allow time for the formal procurement process. Emergency dispensation shall not be granted in respect of circumstances other than those contemplated above.

5.10.2.3 Where possible, in an emergency situation, three quotes in accordance with general

acquisition management principles should be obtained and a report submitted to the Accounting Officer for approval. However, where time is of the essence, the emergency shall be immediately addressed, and the process formalised in a report to the Accounting Officer as soon as possible thereafter.

5.10.3 Unsolicited Bids

5.10.3.1 The Municipality is not obliged to consider any unsolicited bids received outside of the normal bidding process.

5.10.3.2 The Municipality may only consider an unsolicited bid if the following have been complied with:

a. The product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
b. The product or service offered will be exceptionally beneficial to, or have exceptional cost advantages for, the Municipality;
c. The person or entity that 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. In this regard a report must be submitted to the Accounting Officer seeking approval to take the unsolicited bid process further.

5.10.3.3 If the Municipality Manager considers the unsolicited bid worthy of pursuing, the decisionto consider such bid shall be made public in accordance with section 21A of the 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 were it to accept the unsolicited bid; and
c. An invitation to the public and other potential suppliers to submit their written comments within 30 (thirty) days of the notice being published.

5.10.3.4 Details of the unsolicited bid, together with any written comments received pursuant to the clause above as well as any responses from the bidder, shall be submitted to the Provincial and National Treasury for comment.

5.10.3.5 The unsolicited bid shall then be submitted to the Bid Adjudication Committee, together with any written comments submitted by the public and any written comments or recommendations of the Provincial or National Treasury, for consideration.

5.10.3.6 The Bid Adjudication Committee may make a recommendation of the bid in respect of anyamount.

5.10.3.7 Any meeting of the Bid Adjudication Committee to consider an unsolicited bid shall be open to the public.

5.10.3.8 If any recommendations of the Provincial or National Treasury are rejected or not followed, the Accounting Officer shall submit to the Auditor-General, the Provincial Treasury and the National Treasury the reasons for rejecting or not following those recommendations. Such submission shall be made within 7 (seven) days of the decision to award the unsolicited bid. No contract committing the Municipality to the

bid may be entered into or signed within 30 (thirty) days of the submission.

5.10.4 Ratification of Minor Breaches of the Bid Processes

The Accounting Officer may ratify any minor breaches of the procurement processes, which are purely of a technical nature, by an official or committee acting in terms of delegated powers or duties.

5.10.5 Condonation of Expenditure

5.10.5.1 The Accounting Officer may, upon recommendation of the Bid Adjudication Committee, condone any expenditure incurred in contravention of, or that is not in accordance with, a requirement of this Policy. This power may not be sub-delegated by the Accounting Officer. Such condonation shall not preclude the taking of disciplinary steps against the responsible official.

5.10.5.2 In the event where the Accounting Officer refuses to condone any expenditure referred to in clause above, such expenditure will be deemed to be either unauthorised, irregular or fruitless and wasteful expenditure as defined in section 1 of the MFMA and will be treated by the Accounting Officer in accordance with the relevant provisions of the MFMA.

5.10.6 Obligation to Report

5.10.6.1 The Assistant Director – SCM must update and maintain detailed register on a monthly basis and in the format as provided by National Treasury in respect of deviations from supply chain management processes, irregular, fruitless and wasteful expenditure thatoccurred.

5.10.6.2 From the registers mentioned above the Assistant Director – SCM must generate detailed reports and submit such reports to the Accounting Officer by not later that the last working day of each month in respect of deviations from supply chain management processes, irregular, fruitless and wasteful expenditure that occurred. The reports should contain at least the following information:

a. Detail of each transaction;
b. Reason for the deviation, irregular, fruitless or wasteful expenditure;
c. Officials / political office bearers responsible for the transactions, if applicable;
d. Monetary value of the individual transactions.

5.10.6.3 The Assistant Director – SCM must report to MPAC on a monthly basis on all instances of unresolved deviations from supply chain management processes, irregular, fruitless and wasteful expenditure that occurred.

5.10.6.4 The Accounting Officer must report to Council at the next Council meeting on all instances of unresolved deviations from supply chain management processes, irregular, fruitless and wasteful expenditure that occurred.

5.10.6.5 Council must investigate instances reported on an instruct recovery of the amounts involved or approve and condone the transactions.

5.10.6.6 At the end of the financial year all unresolved instances of deviations from supply chain management processes, irregular, fruitless and wasteful expenditure that occurred and shallbe properly disclosed in the notes and appendices to the annual financial statements and be supported by the detailed registers and reports.

6 LOGISTICS MANAGEMENT SYSTEM

6.1 Introduction

Logistics management must provide for an effective system in order to provide for the setting of inventory levels, placing of orders, receiving and distribution of goods, stores management, expediting orders, transport management, vendor performance, and maintenance and contract administration.

6.2 Setting of Inventory Levels

6.2.1 Consumable inventory items shall be systematically replenished using the re-order point planning strategy in conjunction with minimum and maximum levels as determine by the Chief Financial Officer.

6.2.2 Open reservations shall be taken into account during the replenishment run.

6.3 Placing of Orders

6.3.1 Purchase orders will be created with reference to requisitions where the supply source is contract or quotations (where sourcing had to take place).

6.3.2 All purchase orders which are for imported goods and which are subject to rate and exchange adjustments must specify that the vendor must take out a forward exchange contract in order to fix the Rand based price in the purchase order.

6.3.3 All purchase orders will be captured on the Munsoft FMS inventory system exclusive of VAT.

6.3.4 Standing orders (also known as "framework orders") will be used in cases where a longer term arrangement, such as after hour services and copier contracts, are required.

6.3.5 Purchase order approvals will be made manually and will involve the procurement section in the Finance Department only.

6.3.6 The assets section (for asset creation) and the transport section (for insurance claims) will be informed after the purchase order approval.

6.4 Receiving and Distribution of Goods

6.4.1 Goods received at the stores area must be checked and captured onto the Municipality's Munsoft FMS inventory system, with reference to purchase orders, on the same day that the items are physically received.

6.4.2 No over receipt of stock will be allowed, more items delivered than ordered.

6.4.3 In respect of short deliveries the order must be kept open until the outstanding quantities are delivered.

6.5 Stores Management

6.5.1 The stores function shall be centralized in Modjadjiskloof and will operate under the jurisdiction of Auxiliary Unit.

6.5.2 The Axillary Unit must ensure proper financial and budgetary control; uphold the principle of effective administration, proper stock holding and control, product standardisation,quality of products and a high standard of service levels.

6.6 Expediting Orders

6.6.1 The Chief Admin: Supply Chain Management will be required to monitor and expedite outstanding purchase orders.

6.6.2 Reminder letters can be mailed automatically to vendors based on the reminder levels(days before delivery due date) that are set in the purchase order.

6.7 Transport Management

The Municipality's fleet management policy must be adhered to at all times.

6.8 Vendor Performance

6.8.1 The Munsoft FMS Inventory System will enable system-based evaluation based on the vendors' performance with regard to certain pre-determined criteria.

6.8.2 The information will be available for contract negotiations and regular feedback to the vendors.

6.9 Contract Management

6.9.1 Application

The contract management provisions below are applicable only to contracts for theprovision of goods or services (excluding construction work contracts).

6.9.2 Competency

All contracts must be administered by an official(s) having the necessary competencies toensure effective management of the contract.

6.9.3 Maintenance and Contract Administration

a. Contracts related to the procurement of goods and services will be captured on the Municipality's Munsoft FMS system in the form of a price schedule.

b. Value (where the maximum value of the contract is restricted) and volume (where the maximum units procured are restricted) based contracts will be used.

c. The use of fixed price, fixed term contracts will be promoted and expenditure will be driven towards contracts versus once-off purchases. Consolidated (Municipality wide)procurement volumes have to drive down the negotiated contract prices.

d. Contract price adjustments shall be processed only in accordance with contract terms and conditions. Price adjustments shall be made on the procurement contract and any current purchase orders shall be changed to reflect the new price.

6.9.4 Contract Administration

a. Contract administration is the last stage of the tendering and contract cycle, and includes all administrative duties associated with a contract after it is executed, including contract review.

b. The effectiveness of contract administration will depend on how thoroughly the earliersteps were completed. Changes can be made far more readily early in the tendering cycle than after contract management has commenced.

c. Some of the key early stages, which influence the effectiveness of contract administration, include:

a. Defining the output, that is, writing specifications which identify what the aims and outputs of a contract will be;
b. Assessing risk;
c. Researching the market place (including conducting pre-tender briefings);
d. Formulating appropriate terms and conditions of contract;
e. Identifying appropriate performance measures and benchmarks so that all parties know in advance what is expected, and how it will be tested;
f. Actively creating competition, so the best possible suppliers bid for contracts; and
g. Evaluating bids competently, to select the best contractor, with a strong customer

focus and good prospects of building a sound relationship.

6.9.5 Levels of Contract Administration

6.9.5.1 There are three levels of contract administration:

a. The first operational level is for standard contracts for goods and services. Day to day contract administration should become no more than a monitoring, record keeping and price adjustment authorization role.

b. The second or intermediate level is for more complex contracts for services. An example would be a contract to outsource cleaning services. This type of contract will require a more active role for the contract manager in developing the relationship between the Municipality and the contractor.

c. The third level is for strategic contracts involving complex partnerships and outsourcingarrangements. These contracts need more active management of the business relationships between the supplier and the users, for example to manage outputs and notthe process. Sufficient resources need to be dedicated by all parties to successfully manage these contractor relationships and, where feasible, to achieve partnership. A partnership is the result of mutual commitment to a continuing co-operative relationship, rather than parties working on a competitive and adversarial basis.

6.9.6 Appointing a Contract Manager

a. A contract manager should be appointed by the senior official in charge of the project priorto the execution of the contract.

b. Where it is practical to do so, the contract manager should be involved at the earliest stage of the acquisition, which is the time of writing the specification. Contract administration arrangements should be identified and planned including who, how, delegations, reporting requirements and relationships and specific task responsibilities.

c. Departments shall be responsible for ensuring that contract managers:

a. Prepare the contract administration plan;

b. Monitor the performance of the contractor;

c. Are appointed with appropriate responsibility and accountability;

d. Are adequately trained so that they can perform and exercise the responsibility; and

e. Act with due care and diligence and observe all accounting and legal requirements.

6.9.7 Duties and Powers of Contract Manager

a. The contract manager's duties and powers shall be governed by the conditions of contract and the general law.

b. The contract manager shall also be required to form opinions and make decisions, and in doing so is expected to be even-handed and prudent.

6.9.8 Contract Guidelines

a. A guideline, which provides a description of the roles and responsibilities of a contract manager during the contract administration stage, shall be documented.

b. The following is not an exhaustive description of contract administrative activities, and some tasks may not be carried out in the sequence presented, may be done concurrently with other tasks, or may not be necessary in some circumstances.

6.9.9 Delegating to Contract Administrator

a. The contract administrator would usually be required to perform duties related to processesfor record keeping and authorising payment and collecting data on the contractor performance.

b. The contract manager will however remain ultimately responsible for the performance of the contract.

6.9.10 Contract Management Process

a. The contract manager shall ensure the contractor fulfils its obligations and accepts its liabilities under the contract and must also ensure the contractors are treated fairly and honestly.

b. Both parties adhering to the agreed terms will result in:

a. Value for money;

b. Timeliness;

c. Cost effectiveness; an

d. Contract performance.

6.9.11 Document Retention

a. The need exists to retain documents on a contract file for information and audit purposes, and in order to comply with the requirements of the Records Office.

b. Proper records regarding all aspects of the contract must accordingly be maintained.

6.9.12 Guidelines on Contract Administration

The responsibilities of a contract manager may include the following:

a. Establishing a contract management plan for the project;
b. Reviewing the contract management process (including the plan) on a regular basis;
c. Providing liaison between internal managers and users, and suppliers to identify andresolve issues as they arise;
d. Monitoring the contractor's continuing performance against contract obligations;
e. Providing the contractor with advice and information regarding developments withinthe department, where such developments are likely to affect the products provided.
f. Determining if staged products should continue and providing a procurement processfor additional stages which meet the principle of obtaining value for money.
g. Providing accurate and timely reporting to the senior management in charge of theproject, highlighting significant performance issues or problems
h. Ensuring insurance policy(s) terms and conditions provide adequate protection for theMunicipality and are maintained throughout the contract period;
i. Ensuring all products provided are certified as meeting the specifications before thesupplier is paid;
j. Maintaining adequate records (paper and/or electronic) in sufficient detail on anappropriate contract file to provide an audit trail;
k. Managing contract change procedures;
l. Resolving disputes as they arise;
m. Conducting post contract reviews; and
n. Pursuing remedies in the event of contract breach.

7 DISPOSAL MANAGEMENT SYSTEM

7.1 Goal

7.1.1 To give effect to:

a. Regulation 40 of the Supply Chain Management Regulations which requires an effective system for the disposal of letting of assets including unserviceable, redundant or obsolete assets, and

b. The Municipal Asset Transfer Regulations, subject to sections 14 and 90 of the Municipal Finance Management Act (MFMA) and any other applicable legislation.

7.1.2 As far as possible, assets to be disposed of must be made available to recycling. Disposal tolandfill is not allowed unless no recycling options are available.

7.2 Disposal Management System

7.2.1 Subject to the provisions of the Municipal Asset Transfer Regulations:

a. Moveable assets may be sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous to the Municipality;

b. Immovable property may:

c. be sold only at market related prices except when the public interest or the plight of the poor demands otherwise;

d. let only at market related rates except when the public interest or the plight of the poor demands otherwise and provided that all charges, rates, tariffs, scales of fees or other charges relating to the letting of immoveable property are annually reviewed;

e. in the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within days whether any of the local schools are interested in the equipment; Transfer or Permanent Disposal of Assets and the Granting of Rights

f. Non-exempted capital assets shall be transferred or permanently disposed of strictly in accordance with Chapter 2 of the Municipal Asset Transfer Regulations.

g. Exempted capital assets shall be transferred strictly in accordance with Chapter 3 of the Municipal Asset Transfer Regulations.

h. The granting of rights (where sections 14 and 90 of the MFMA do not apply) by the Municipality, shall be executed strictly in accordance with Chapter 4 of the Municipal Asset Transfer Regulations.

8. RISK MANAGEMENT SYSTEM

The risks pertaining to Supply Chain Management should at all times comply with thecriteria laid down in the risk management policies of the Municipality.

8.1 **General**

8.1.1 Risk Management shall provide for an effective system for the identification, consideration and avoidance of potential risks in the Municipality's supply chain management system.

8.1.2 Managing risk must be part of the Municipality's philosophy, practices and business plans and should not be viewed or practiced as a separate activity in isolation from line managers.

8.1.3 Risk Management shall be an integral part of effective management practice.

8.2 **The Risk Management Process**

8.2.1 The risk management process shall be applied to all stages of supply chain management, beit the conceptual stage, project definition, specification preparation, acquisition approval orimplementation to completion.

8.2.2 Risk management is an integral part of good management of acquisition activities and cannot be effectively performed in isolation from other aspects of acquisition management.

8.2.3 Appropriate risk management conditions should therefore be incorporated in contracts.

8.3 **Key Principles**

8.3.1 The key principles on managing risk in supply chain management include:

a. Early and systematic identification of risk on a case-by-case basis, analysis and assessment of risks, including conflicts of interest and the development of plans for handling them;

b. Allocation and acceptance of responsibility to the party best placed to manage risk;

c. Management of risks in a pro-active manner and the provision of adequate cover for residual risks;

d. Assignment of relative risks to the contracting parties through clear and unambiguous contract documentation;

e. Acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it; and

9. Ensuring that the costs incurred in managing risks are commensurate with the importance of the purchase and the risks to the Municipality's operations. PERFORMANCE MANAGEMENT SYSTEM

9.1 The Accounting Officer must establish and implement an internal monitoring system in order to determine the basis of a retrospective analysis whether the authorised Supply Chain Management processes were followed and whether the objectives of this Policy wereachieved.

9.2 Performance management shall accordingly be characterised by a monitoring Process and retrospective analysis to determine whether:

a. Value for money has been attained;
b. Proper processes have been followed;
c. Desired objectives have been achieved;
d. There is an opportunity to improve the process;
e. Suppliers have been assessed and what that assessment is; and
f. There has been deviation from procedures and, if so, what the reasons for that deviationare.

9.3 The performance management system shall accordingly focus on, amongst others:

a. Achievement of goals;
b. Compliance to norms and standards;
c. Savings generated;
d. Cost variances per item;
e. Non-compliance with contractual conditions and requirements; and
f. The cost efficiency of the procurement process itself.

10. CODE OF ETHICAL STANDARDS

10.1 General

10.1.1 In addition to this Code of Ethical Standards, the codes of conduct for municipal councillors and employees shall apply in the application of this Supply Chain ManagementPolicy.

10.1.2 A code of ethical standards is hereby established for officials and all role players in the supply chain management system in order to promote:

a. Mutual trust and respect; and
b. An environment where business can be conducted with integrity and in a fair and reasonable manner.

10.1.3 An official or other role player involved in the implementation of the supply chain management policy:

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. 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, ofa value more than R350;

d. 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;

e. Must declare to the Accounting Officer details of any private or business interest whichthat 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;

f. All declarations by the Accounting Officer must be made to the mayor of the municipality who must ensure that such declarations are recorded in the register"

g. 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;

h. Must be diligent in his or her use of property belonging to the Municipality;

i. Must assist the Accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and

j. Must report to the Accounting Officer any alleged irregular conduct in the supply chainmanagement system which that person may become aware of, including;

- Any alleged fraud, corruption, favouritism or unfair conduct;
- Any alleged contravention of this policy; or
- Any alleged breach of this code of ethical standards.

k. Declarations in terms of gifts and rewards must be recorded in a register which the

Accounting Officer must keep for this purpose.

l. The Municipality has adopted the National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management. This code of conduct is binding on all officials and other role players involved in the implementation of the supply chain management policy.

m. A copy of the National Treasury code of conduct is available on the website www.treasury.gov.za/mfma located under "legislation".

n. A breach of the code of conduct adopted will be dealt with in accordance with Schedule2 of the Municipal Systems Act.

10.2 **Inducements, Rewards, Gifts and Favours**

10.2.1 No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or througha representative or intermediary promise, offer or grant:

a. Any inducement or reward to the Municipality for or in connection with the award ofa contract; or

b. Any reward, gift, favour or hospitality to any official or any other role player involved in the implementation of the supply chain management policy.

10.2.2 The Accounting Officer must promptly report any alleged contravention of clause 10.2.1 tothe National Treasury for considering whether the offending person, and any representativeor 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.

10.2.3 The clause above does not apply to gifts less than R350 in value or gifts from a single source in any calendar year that does not exceed R350 in value.

10.3 **Sponsorships**

10.3.1 The Accounting Officer must promptly disclose to the National Treasury and the relevant Provincial treasury any sponsorship promised, offered or granted, whether directly orthrough a representative or intermediary, by any person who is:

a. A provider or prospective provider of goods or services; or

b. A recipient or prospective recipient of goods disposed or to be disposed.

10.4 **Objections and Complaints**

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

10.5 **Resolution of Disputes, Objections, Complaints and Queries**

10.5.1 The Accounting Officer shall appoint an independent and impartial person not directly involved in the supply chain to assist in the resolution of disputes between the Municipalityand other persons regarding:

a. Any decisions or actions taken in the implementation of the supply chain managementsystem; or

b. Any matter arising from a contract awarded in the course of the supply chain management system; or

c. To deal with objections, complaints or queries regarding any such decisions or actionsor any matters arising from such contract.

10.5.2 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. This person appointed must:

a. Strive to resolve promptly all disputes, objections, complaints; or

b. Queries received; and

c. Submit monthly reports to the Accounting Officer on all disputes, objections, complaints or queries received, attended to or resolved.

10.5.3 A dispute, objection, complaint or query may be referred to the relevant provincial treasury if:

a. The dispute, objection, complaint or query is not resolved within 60 days; or

b. No response is forthcoming within 60 days.

10.5.4 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.

10.5.5 The provisions above must not be read as affecting a person's rights to approach a court at any time

11. PREFERENTIAL PROCUREMENT SYSTEM

11.1 Preference point systems

11.1.1 Identification of preference point system

(1) The Municipality shall stipulate, in the tender documents.

(a) the applicable preference point system as envisaged in regulations 4, 5, 6 or 7;

(b) the specific goal in the invitation to submit the tender for which a point may be awarded, and the number of points that will be awarded to each goal, and proof of the claim for such goal.

(2) The tender document shall stipulate whether the 80/20 or 90/10 preference point system applies.

(a) an invitation for tender for income-generating contracts, that either the 80/20 or 90/10 preference point system will apply and that the highest acceptable tender will be used to determine the applicable preference point system; or

11.1.2 80/20 preference point system for acquisition of goods or services with Rand value equal to or below R50 million

(a) The following formula must be used to calculate the points out of 80 for price in respect of an invitation for a tender with a Rand value equal to or below R50 million, inclusive of all applicable taxes:

Pt – P min

Ps = 80 1 -

P min

Where-

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmin = Price of lowest acceptable tender.

(b) The 80/20 preference point system is applicable to bids with a Rand value equal to, or above R300 000 and up to a Rand value of R50 million (all applicable taxes included).

(c) A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender (Municipality shall decide on specific goal that Shall be set on the bid document and proof of that particular claim)

(d) The points scored for the specific goal must be added to the points scored for price.

(e) The Maximum of 20 points shall apply on the quotation which less than R300 000.

and the total must be rounded off to the nearest two decimal places.

(f) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tender scoring the highest.

11.1.3 90/10 preference point system for acquisition of goods or services with Rand value above R50 million

(a) The following formula must be used to calculate the points out 90 for price in respect of an invitation for tender with a Rand value above R50 million, inclusive of all

applicable taxes:

Where-

Pt – P min

Ps = 90 1 -

P min

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmin = Price of lowest acceptable tender.

(b) A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender

(c) The points scored for the specific goal must be added to the points scored for

price and the total must be rounded off to the nearest two decimal places.

(d) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer

scoring the highest points.

11.1.4 80/20 preference points system for tenders for income-generating contracts with Rand value equal to or below R50 million

(a) The following formula must be used to calculate the points for price in respect of an invitation for tender for income-generating contracts, with a Rand value equal to or below R50 million,

$$Ps = 80\left(1 - \frac{Pt - Pmax}{Pmax}\right)$$

Where-

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmax = Price of highest acceptable tender.

(b) A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender.

(c) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

(d) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

(e) Institutions may apply the 80/20 preference point system to price quotations with a value less than R300 000 when appropriate.

11.1.5 90/10 preference point system for tenders for income-generating contracts with Rand value above R50 million.

(1) The following formula must be used to calculate the points for price in respect of a tender for income-generating contracts, with a Rand value above R50 million, inclusive of all applicable taxes:

$$Ps = 90\left(1 - \frac{Pt - Pmax}{Pmax}\right)$$

Where:

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmax= Price of highest acceptable tender.

(2) A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender.

(3) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

(4) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

Criteria for breaking deadlock in scoring

(1) If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for specific goals.

(2) If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.

Remedies

(1) If the municipality is of the view that a tenderer submitted false information regarding a specific goal, it must—

(a) inform the tenderer; accordingly, and

(b) give the tenderer an opportunity to make representations within 14 days as to why the tender may not be disqualified or, if the tender has already been awarded to the tenderer, the contract should not be terminated in whole or in part.

(2) After considering the representations referred to in subregulation (1)(b), the municipality may, if it concludes that such information is false—

(a) disqualify the tenderer or terminate the contract in whole or in part; and

(b) if applicable, claim damages from the tenderer.

Policy Review

Repeal of regulations

(1) Subject to this regulation, the Preferential Procurement Regulations, 2017 published in Government No. 40553 of 20 January 2017, are hereby repealed with effect from the date referred to in regulation 11.

(2) Any tender advertised before the date referred to in regulation 11 must be dealt with in terms of the Preferential Procurement Regulations, 2017.

11.2 **Verification certificates in respect of EMEs**

11.2.1 In terms of the Generic Codes of Good Practice, an enterprise including a sole propriety with annual total revenue of R10 million or less qualifies as an EME.

11.2.2 In instances where Sector Charters are developed to address the transformation challenges of specific sectors or industries, the threshold for qualification as an EME

maybe different from the generic threshold of R10 million. The relevant Sector Charter thresholds will therefore be used as a basis for a potential bidder to qualify as an EME.

11.2.3 Sufficient evidence to confirm a qualifying EME is a certificate issued by an Accounting Officer (as contemplated in the CCA), a similar certificate issued by a Registered Auditor,or a Verification Agency and a thorn affidavit issued by the Commissioner of Oath.

11.3 Planning, stipulation of preference point system to be utilised and the determinationof designated sectors

11.3.1 Prior to the invitation of bids, the Accounting Officers is required to:

Properly plan for the provision of services, works or goods in order to ensure that the resources that are required to fulfil the needs identified in the strategic plan of the institution are delivered at the correct time, price, place and that the quantity and quality will satisfy those needs.

11.3.2 As far as possible, accurately estimate the costs for the provision of the required services,works or goods. This is to determine and stipulate the appropriate preference point system to be utilised in the evaluation and adjudication of the bids and to ensurethat the prices paid for the services, works and goods are market related.

11.2.3 Estimated costs can be determined by conducting an industry and commodity analysis whereby prospective suppliers may be approached to obtain indicative market related prices that may be utilised for benchmarking purposes. Based on the findings, the relevant preference point system (80/20 or 90/10) to be utilized for the evaluation of the bid must be stipulated in the bid documents; and

11.4 Administrative Criteria

11.4.1 All bid documents issued should include that Municipal Bid Documents forms whichshould be completed in full and signed by the bidders.

The applicable standard Municipal Bid Documents include:

a. MBD 1 – Invitation to bid
b. MBD 2 – Tax Clearance Certificate Requirements
c. MBD 3.1 - Price Schedule – Firm Prices (Purchases)
d. MBD 3.2 – Price Schedule – Non-Firm Prices (Purchases)
e. MBD 3.3 – Prices Schedule (Professional Services)
f. MBD 4 – Declaration of interest
g. MBD 5 – Declaration for Procurement above R10 Million (All applicable taxesincluded)
h. MBD 6.1 – Preference Points Claimed in terms of Preferential Procurement Regulation 2011

i. MBD 7.1 – Contract Form – Purchases of goods/ works

j. MBD 7.2 – Contract Form – Rendering of services

k. MBD 7.3 – Contract Form- Sale of goods/ works

l. MBD 8 – Declaration of bidder past supply chain practices

m. MBD 9 – Certificate for Independent Bid Determination

11.3.2 The following mandatory documents should be included with the bid:

a. SARS Compliance Pin Letter

b. Copy of Identity Documents (ID) of Directors

c. Municipal Statement in the name of directors or/ members or/Business not in arrears for more than 30 days or Proof of residence for Tribal Authority for Rural residence or Valid Lease Agreements signed by both parties.

d. Central Supplier Database Registration Summary

11.4.2 Company profile Bids must be evaluated in terms of the evaluation criteria embodied in the bid documents.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.

11.4.3 A bid will be considered further if it achieves the prescribed minimum qualifying score for functionality.

11.4.4 Bids that fail to achieve the minimum qualifying score for functionality must be disqualified.

11.4.5 Score sheets should be prepared and provided to panel members to evaluate the bids.

11.4.6 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.

11.4.7 Each panel member should after thorough evaluation independently award his /her own value to each individual criterion.

11.4.8 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 awardedfor each criterion exist.

11.4.9 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 therelevant criterion to obtain the score for the various criteria;

b. The scores for each criterion should be added to obtain the total score.

11.4.10 Second stage - Evaluation in terms of the 80/20 or 90/10 preference point systems rices may be negotiated only with short listed or preferred bidders. Such negotiations must not prejudice any other bidders.

11.5 **Cancellation and re-invitation of bids**

11.5.1 In the application of the 80/20 preference point system, if all bids received exceed R50 000 000, the bid must be cancelled. If one or more of the acceptable bid(s) received are within the R50 000 000 threshold, all bids received must be evaluated on the 80/20 preference point system.

11.5.2 In the application of the 90/10 preference point system, if all bids received are equal to orbelow R50 000 000, the bid must be cancelled. If one or more of the acceptable bid(s) received are above the R50 000 000 threshold, all bids received must be evaluated on the 90/10 preference point system.

11.5.3 If a bid was cancelled the correct preference point system must be stipulated in the bid documents of the re-invited bid.

11.5.4 The Accounting Officer may, prior to the awarding of a bid, cancel the bid if:

11.5.4.1 Due to changed circumstances, there is no longer a need for the services, works or goods requested, or

11.5.4.2 Funds are no longer available to cover the total envisaged expenditure. [AOs / AAs must ensure that the budgetary provisions exist]; or

11.5.4.3 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].

11.6 **CIDB Requirements**

11.6.1 The tender invitation for a construction works contract should stipulate the minimum category which the bidders must be registered at with the CIDB to qualify evaluation.

11.6.2 The tender should be advertised in the CIDB website

11.6.3 The following grading should be used:

Grading	Tender value ≤
2.	650 00 0
3.	2 000 000
4.	4 000 000
5.	6 500 000
6.	13 000 000
7.	40 000 000
8.	130 000 000
9.	No limit

11.7 **Standard for Infrastructure Procurement and Delivery Management**

11.7.1 all infrastructure projects for Greater Letaba Municipality will be conducted in linewith the standard for infrastructure procurement and delivery management

11.8 **Commencement and Review**

11.8.1 This Policy is effective from the date on which it is adopted by Council.

11.8.2 The Accounting Officer must annually review the implementation of this Policy and if she/he considers it necessary, submit proposals for the amendment of the Policy to the Council for approval.

