

CEDERBERG MUNICIPALITY



SUPPLY CHAIN MANAGEMENT POLICY

ADOPTED:	10 JULY 2007
1ST AMENDMENT:	31 MAY 2012
2ND AMENDMENT:	30 MAY 2016
3RD AMENDMENT:	31 MARCH 2017
4TH AMENDMENT	30 May 2017
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7th AMENDMENT	

PART A

This Policy consists of two parts:

Part A is the **Supply Chain Management Policy**, adopted in terms of section 111 of the Local Government: Municipal Finance Management Act, No. 56 of 2003 and the Municipal Supply Chain Management Regulations, Notice 868 of 30 May 2005;

and

Part B is the **Preferential Procurement Policy**, adopted in terms of section 5 of the Preferential Procurement Policy Framework Act, No. 5 of 2000 and the Preferential Procurement Regulations, 2017.

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PART A

MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY
LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

The Council of the Cederberg Municipality resolved on 25 May 2012 in terms of section 111 of the Local Government: Municipal Finance Management Act (no. 56 of 2003) to adopt the following as the Supply Chain Management Policy of the municipality:

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1. Definitions

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) has the same meaning as in the Act, and –

- “Accounting Officer”*** means a person appointed by the Municipality in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) and who is the head of administration and also the Municipal Manager for the Municipality.
- “Act” or “MFMA”*** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
- “Business day”*** means any day of the week except Saturday, Sunday and public holidays as determined in the Public Holidays Act, 1994 (Act No. 36 of 1994)
- “CFO”*** means Chief Financial Officer of the Municipality or Director: Finance in this instance;
- “CIDB”*** means Construction Industry Development Board
- “close family member”*** means:
 - (a) spouse or partner
 - (b) parent
 - (c) children
- “closing date”*** means the time and day specified in the bid documents and/or advertisement of the receipt of bids.
- “competitive bidding process”*** means a competitive bidding process referred to in paragraph 12 (1) (f) of this Policy;
- “competitive bid”*** means a bid in terms of a competitive bidding process;

“Central Supplier Database”	<p>means a single database that serves as the source of all supplier information for all spheres of government. A municipality or municipal entity must keep a list of prospective suppliers in terms of Regulation 14 of the Supply Chain Management Regulations. The CSD are verifying the following information:</p> <ul style="list-style-type: none"> (a) Business registration; including details of directorship and membership; (b) Bank account holder information; (c) In service of the state status (Persal); (d) Tax compliance status; (e) Identity numbers; (f) B-BBEE status level; (g) Tender defaulting and restriction status; <p><u>Note:</u></p> <ul style="list-style-type: none"> (b) Bank account information is verified for ease of transacting and compliant financial management and not as a mandatory requirement for sourcing and procurement processes. (c) In the service of the state: Please note this check is currently done on state employees who have a PERSAL number, but will also be verified for municipalities, municipal entities and public entities from 1 October 2016. (f) B-BBEE will only be verified from 1 October 2016;
“contract”	means the agreement that results from the acceptance of a bid by the Municipality;
“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 human being.
“delegation”	in relation to a duty, includes an instruction a request to perform or to assist in performing the duty.
“Emerging Enterprise”	means an enterprise which is owned, managed and controlled by previously disadvantaged persons and which is overcoming business impediments arising from the legacy of apartheid.
“final award”	in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;
“ePortal”	means an electronic web portal is one specially designed web site that brings information together from diverse sources in a uniform way. The electronic portal is administrated by National Treasury and will be used to advertise bids, publish opening results of bids and awards;
“financial interest”	means where a municipal staff member is a close family member of a person who is the owner, partner, principal shareholder or member, manager or who serves on the board of directors, etc of a tendering enterprise;
“formal written price quotation”	means quotations referred to in paragraph 12 (1) (d) & (e) of this Policy;
“IDP”	means Integrated Development Plan;
“in the service of the state”	means to be – <ul style="list-style-type: none"> (a) a member of – <ul style="list-style-type: none"> (i) any municipal council; (ii) any provincial legislature; or (iii) the National Assembly or the National Council of Provinces;

- (b) a member of the board of directors of any municipal entity;
- (c) an official of any municipality or municipal entity;
- (d) an official of any national or provincial department, national or provincial public entity or institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
- (e) an executive member of the accounting authority of any national or provincial public entity; or
- (f) an employee of Parliament or a provincial legislature;

“long term contract”

means a contract with a duration period exceeding one year;

“list of accredited prospective providers”

means the list of accredited prospective providers which the Cederberg Municipality must keep in terms of paragraph 14 of this policy;

“micro-enterprise”

means a very small business, often involving only the owner, some family members and at the most one or two paid employees. They usually lack ‘formality’ in terms of business licences, value-added tax (VAT) registration, formal business premises, operating permits, operating permits and accounting procedures. Most of them have a limited capital base and only rudimentary technical or business skills among their operators. However, many micro-enterprises advance into viable small businesses. Earning levels of micro-enterprises differ widely, depending on the particular sector, the growth phase of the business and access to relevant support.

<i>"municipality"</i>	means the Cederberg Municipality;
<i>"notice boards"</i>	means the official notice boards at the municipal offices and libraries;
<i>"other applicable legislation"</i>	means any other legislation applicable to municipal supply chain management, including – <ul style="list-style-type: none"> a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000); b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000); d) the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003); e) the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000); f) the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998); g) the Prevention and Combating of Corrupt Activities Act, 2000 (Act No. 12 of 2004); h) the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003): Municipal Supply Chain Management Regulations; i) the Preferential Procurement Regulations,2017 j) National Treasury, MFMA Circular No. 34, Municipal Finance Management Act No. 56 of 2003, Reporting of awards above R 100 000 k) National Treasury, MFMA Circular No. 46, Municipal Finance Management Act No. 56 of 2003, Checking the prohibition status of recommended bidders l) National Treasury, MFMA Circular No. 50, Municipal Finance Management Act No. 56 of 2003, Preparation of the municipal audit file (Stores & Consumables) m) National Treasury, MFMA Circular No. 52, Municipal Finance Management Act No. 56 of 2003, Prohibition of restricted practices n) National Treasury, MFMA Circular No. 53, Municipal Finance Management Act No. 56 of 2003, Amended guidelines in respect of bids that include functionality as a criterion for evaluation
<i>"Policy"</i>	means the Supply Chain Management Policy of the Cederberg Municipality;
<i>"quotation"</i>	means a stated price that a supplier expects to receive for the provision of specified services, works or goods;
<i>"Regulations"</i>	means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 30 May 2005;
<i>"SDBIP"</i>	means Service Delivery and Budget Implementation Plan;
<i>"senior manager"</i>	means an employee appointed in terms of Section 56 of the Municipal Systems Act and any manager who reports directly to a Section 56 employee;
<i>"single provider"</i>	Sole supplier- One and Only (Alone of its kind) Supplier (Oxford Dictionary). If such goods or services are produced or available from a single provider only. There is no competition and only one bidder exists (for example, sole distribution rights);
<i>"small business"</i>	means a separate and distinct business entity, including cooperative enterprises and non-governmental organisations, 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, attached as Annexure D , 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
<i>"supply chain management practitioners"</i>	<i>"survivalist enterprise"</i>

include
the Chief
Financial
Officer
and the
Supply
Chain
Manager;

with little capital invested, virtually no skills training in the particular field and only limited opportunities for growth into a viable business. This category is characterised by poverty and the attempt to survive.

means a business set up by people unable to find a paid job or get into an economic sector of their choice. Income generated from these activities usually falls far short of even a minimum income standard,

“tender”

means a 'bid' or a 'quotation' in relation to a "Tender Box";

“tender box”

means the specified tender box at the offices of Cederberg Municipality, 2 A Voortrekker Street, Clanwilliam.

“Treasury guidelines”

means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;

“Validity Period”

means the period for which a bid is to remain valid and binding as stipulated in the relevant tender document.

“written quotations”

means quotations referred to in paragraph 12(1)(c) of this Policy.

- Words importing the singular shall include the plural and *vice versa* and words importing the masculine gender shall include females and words importing persons shall include companies, closed corporations and firms, unless the context clearly indicates otherwise.
- All amounts / limits stated in this document shall be deemed to be inclusive of Value Added Tax (VAT).

CHAPTER 1: IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. SUPPLY CHAIN MANAGEMENT POLICY

- 1) All officials and other role players in the Supply Chain Management system of the Cederberg Municipality must implement this Policy in a way that –
 - a) gives effect to –
 - i) Section 217 of the Constitution; and
 - ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
 - iii) Regulations pertaining to Supply Chain Management.
 - iv) Guidelines as issued by National Treasury, which affects this Policy.
 - b) gives effect to the principles contained in **Annexure A**.
 - c) complies with –
 - i) the Regulations; and
 - ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
 - d) is consistent with other applicable legislation;
 - e) does not undermine the objective for uniformity in Supply Chain Management Systems between organs of state in all spheres; and
 - f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector;
 - g) applies the highest ethical standards; and
 - h) promotes local economic development.
- 2) This Policy applies when the Municipality –
 - a) procures goods or services;
 - b) disposes of goods no longer needed;
 - c) selects contractors to provide assistance in the provision of municipal services including circumstances where Chapter 8 of the Municipal Systems Act applies.
- 3) This Policy, except where provided otherwise, does not apply in respect of:
 - a) the procurement of goods and services contemplated in section 110(2) of the Act, including –
 - i) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
 - ii) electricity from Eskom or another public entity, another municipality or a municipal entity.
 - b) the Projects that are ear-marked for Local Emerging Contractor Development.
 - c) the acquisition of services of attorneys and advocates subject that the acquisition of such services to be dealt with in terms of Delegations of the Municipality's Delegation of Powers and Duties, as amended from time to time and any Bargaining Council Agreements on Disciplinary Procedures.

- d) the payment of accommodation and air travel for official purposes subject that same be dealt with in terms of the Municipality's Travelling and Subsistence allowance/cost Policy, as amended from time to time, as well as Delegations of the Municipality's Delegation of Powers and Duties, as amended from time to time.
- e) any contract relating to the publication of notices and advertisements by the municipality

3. ADOPTION, AMENDMENT AND IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY

- 1) The accounting officer must –
 - a) at least annually review the implementation of this Policy; and
 - b) when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to Council.
- 2) If the accounting officer submits proposed amendments to Council that differs from the model policy issued by the National Treasury, the accounting officer must –
 - a) ensure that such proposed amendments comply with the Regulations; and
 - b) report any deviation from the model policy to the National Treasury and the provincial treasury.
- 3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.
- 4) The accounting officer must in terms of section 62(1)(f)(iv) of the Act, take all reasonable steps to ensure that the municipality implements the supply chain management policy.

4. DELEGATIONS OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES

- 1) Council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –
 - a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –
 - i) Chapter 8 or 10 of the Act; and
 - ii) this Policy;
 - b) to maximize administrative and operational efficiency in the implementation of this Policy;
 - c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
 - d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- 2) Section 79 of the Act applies to the sub delegation of powers and duties delegated to the accounting officer in terms of subparagraph (1).

- 3) The accounting officer may not sub-delegate any supply chain management powers or duties to a person who is not an official of the Municipality or to a committee which is not exclusively composed of officials of the Municipality;
- 4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

5. SUB- DELIGATIONS

- 1) The accounting officer may in terms of section 79 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub-delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.
- 2) The power to make a final award –
 - a) above R10 million (VAT included) may not be sub-delegated by the accounting officer;
 - b) above R200 000 (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated but only to a bid adjudication committee of which the chief financial officer or a senior manager is a member.
 - c) above R30 000 (VAT included) but not exceeding R200 000 may be sub-delegated to the official as per Council's delegation, attached as **Annexure E**, pertaining the purchase of goods and services.
- 3) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph (2) must within five (5) days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including–
 - a) the amount of the award;
 - b) the name of the person to whom the award was made; and
 - c) the reason why the award was made to that person.
- 4) A written report referred to in subparagraph (3) must be submitted to the accounting officer, in the case of an award by a bid adjudication committee of which the chief financial officer or a senior manager is a member.
- 5) Subparagraphs (3) and (4) of this policy do not apply to procurement out of petty cash.
- 6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy. Also refer to paragraph 4(4) and 5(2)(a) of this Policy.
- 7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

6. OVERSIGHT ROLE OF COUNCIL

- 1) Council must maintain oversight over the implementation of this Policy.
- 2) For the purposes of such oversight the Accounting Officer must –

- a) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality; and
 - b) Whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to Council.
- 3) The accounting officer must, within ten (10) days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the Executive Mayor through the Finance Portfolio Committee.
 - 4) The availability of these reports must be made public in accordance with section 21A of the Local Government Municipal Systems Act 32, 2002

7. SUPPLY CHAIN MANAGEMENT UNIT

- 1) A supply chain management unit is hereby established to implement this Policy.
- 2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

8. TRAINING OF SUPPLY CHAIN MANAGEMENT OFFICIALS

The training of officials involved in implementing this Policy should be in accordance with relevant legislation, including Treasury guidelines on supply chain management.

CHAPTER 2: SUPPLY CHAIN MANAGEMENT SYSTEM

9. FORMAT OF SUPPLY CHAIN MANAGEMENT SYSTEM

- 1) This Policy provides systems for –
 - a) demand management;
 - b) acquisition management;
 - c) logistics management;
 - d) disposal management;
 - e) risk management; and
 - f) performance management.

Part 1: DEMAND MANGEMENT

10. SYSTEM OF DEMAND MANAGEMENT

- 1) An effective system of demand management is established and must be implemented in order to ensure that—
 - (a) the resources required by the municipality to support its operational commitments and its strategic goals as outlined in the Integrated Development Plan (IDP) are achieved; and
 - (b) the Performance Management System (PMS) must give the necessary support to ensure that the resources required, to support the strategic and operational commitments of the municipality, are delivered at the correct time, at the right price and at the right location, and that the quality and quantity satisfy the needs of the municipality
- 2) This Policy provides for an effective demand management system to ensure that user-departments—
 - (a) include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timeously and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
 - (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature;
 - (c) provide for the compilation of the required specifications to ensure that its needs are met;
 - (d) undertake appropriate industry analyses and research to ensure that innovations and technological benefits are maximized;
 - (e) as far as possible, accurately estimate the cost of the provision of services, works or goods for which an invitation for bids is to be made;

- (f) determine the deliverables or performance indicators in terms of which a person awarded a contract will be assessed; and
 - (g) determine the appropriate preference point system to be utilised in the bid documentation.
- 3) The accounting officer may in terms of section 79 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub-delegation must be consistent with this Policy.

Part 2: ACQUISITION MANGEMENT

11. SYSTEM OF ACQUISITION MANAGEMENT

- 1) The accounting officer must implement the system of acquisition management set out in this Part in order to ensure –
- a) that goods and services are procured by the Municipality in accordance with authorised processes only;
 - b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
 - c) that the threshold values for the different procurement processes are complied with;

- d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
 - e) that any Treasury guidelines on acquisition management are properly taken into account.
- 2) All requests (requisitions) for the procurement of goods and services shall be directed and submitted to the offices of the supply chain management unit in time for the unit to follow the procurement processes diligently and must be—
- a) on the specific requisition form clearly specifying—
 - i) the nature of the goods or the services required in terms of this policy;
 - ii) the specifications and quantity of the goods or duration of the services;
 - iii) the correct vote (line item) number with sufficient funding to conclude the process;
 - iv) the realistic estimated cost of the goods or services required;
 - v) any requirement in terms of the CIDBA;
 - vi) any requirement in terms of the PPPFA; and
 - vii) any other requirement (legislative, site meeting, contact details, etcetera).
 - b) signed by a duly authorised official of the user-department, as delegated.
- 3) When procuring goods and / or services of a capital nature section 19 of the Act regarding budgeting and costing of capital projects must be complied with.
- 4) When procuring goods and / or services which will have future budgetary implications section 33 and 116 of the Act regarding contracts must be complied with.
- 5) When procuring goods or services contemplated in section 110(2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including –
- a) the kind of goods or services; and
 - b) the name of the supplier.

12. RANGE OF PROCUREMENT PROCESSES

- 1) Goods and services may only be procured by way of –
- a) petty cash purchases, up to a transaction value of R200 (VAT included);
 - b) petty cash purchases exceeding the amount of R200 up to an amount of R 2 000 (VAT included) to be authorised by the Chief Financial Officer or his delegate;
 - c) one written quotation for procurement transactions with values from R0 to R2 000 (VAT included);

- d) three formal written price quotations for procurement transactions with values over R2000 up to R30 000 (VAT included);
- e) formal written price quotations for procurement transactions valued over R30 000 (VAT included) up to R200 000 (VAT included), subject to paragraph 18(b); and
- f) a competitive bidding process for—
 - i) procurement above a transaction value of R200 000 (VAT included); and
 - ii) the procurement of long term contracts, i.e. longer than one year.
- 2) The accounting officer may, in writing-
 - a) lower, but not increase, the different threshold values specified in subparagraph (1); or
- 3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.
- 4) For quotations (up to R 30 000.00) bidders are required to be registered on the Central Supplier Database prior to the acceptance of their quotation in respect of the goods or services required.
- 5) Formal (closed) written price quotations, from accredited suppliers, by means of advertisement on municipal website and notices on municipal notice boards for at least 7 days for procurements of a transaction value over R30 000.00 up to R200 000.00 (VAT included); and
- 6) A competitive bidding process for -
 - (i) procurement above an estimated transaction value of R200 000.00 (VAT included); and
 - (ii) the procurement of long term contracts.
- 7) Formal distinct municipal bidding documents, complying with National Treasury prescripts, must be utilised at all times.
- 8) Obtaining a single written price quotation for the procurement of emergency repairs (strip and quote) with a transaction value up to R30 000.00 (VAT included) provided it is on a rotational basis and procured from accredited suppliers only;
- 9) The procurement of the following services are excluded from subparagraph above—
 - (a) the serving of summonses on condition the service provider is listed on the database (must comply with all registration conditions) and is a registered messenger/sheriff of the court;
 - (b) any procurement in terms of a predetermined tariff/s by an organ of state, on condition the rotation system is applied where possible; and
 - (c) oil and fuel but only from authorised service stations.

13. GENERAL PRECONDITIONS FOR CONSIDERATION OF WRITTEN QUOTATIONS OR BIDS

A written quotation or bid that exceeds R30 000 may not be considered unless the provider who submitted the quotation or bid –

- a) has furnished that provider's –
 - i) full name;
 - ii) identification number or company or other registration number; and iii) tax reference number and VAT registration number, if any;
 - iii) registration number in terms of section 18(1) of the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000), should the provider quote or bid to undertake, carry out or complete any construction works or portion thereof;
 - iv) registration number of the NHBRC, should the provider bid or quote to undertake any housing construction works or portion thereof;
 - v) certificate of good standing with the Department of Labour in terms of the Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993);
 - vi) physical and postal address;
 - vii) telephone (land line and cell numbers), e-mail addresses and fax numbers, where possible;
 - viii) core business (what is the principle business);
 - ix) names of all directors/members/owners of enterprise;
 - x) specific expertise vested in the company;
 - xi) Broad-Based Black Empowerment of entity;
 - xii) the inclusion of valid tax details and tax clearance certificate;
 - xiii) the inclusion of declaration in terms of required information;
 - xiv) permission that the financial position of the supplier and the ability to manufacture or to supply goods or to render a service may be examined before its offer is considered for acceptance;
 - xv) monetary value of contracts interested in;
 - xvi) maximum quantities that can be supplied; and/or
 - xvii) quantity and frequency of delivery.
- (b) has authorised the municipality to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order;
- (c) has authorised the municipality to obtain a certificate clearance from the Construction Industry Development Board that the provider holds a valid registration certificate issued by the Board, if required;

- d) has indicated –
 - i) 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;
 - ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholder or stakeholders are in the service of the state, or has been in the service of the state in the previous twelve months; or
 - iii) whether a close family member of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months;
 - iv) that the tendering enterprise or any of its owners, directors, members or trustees, in their personal capacity are not in arrears with any account(s) with a Municipality for longer than 90 days / three months; or
 - v) whether any Municipal staff member is a close family member of an owner, his/her partner serves on the board of directors, or are members or trustees, of the tendering enterprise.
- e) has authorised the municipality to obtain or has submitted a certificate clearance from the Health and Safety Board that the provider holds a valid registration certificate issued by the Board, if required;
- f) has authorised the municipality to inspect the premises from which the provider operates, if required; and

14. LIST OF ACCREDITED PROSPECTIVE PROVIDERS

- 1) The accounting officer must –
 - a) keep a list of accredited prospective providers (Central Supplier Database) of goods and services that must be used for the procurement requirements of the Cederberg Municipality through written or verbal quotations and formal written price quotations; and
 - b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
 - b) specify the listing criteria for accredited prospective providers as per attached Annexure G ; and
 - d) 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 (check before listing if prospective provider is not registered on the List of Restricted Suppliers (forward e-mail to restrictions@treasury.gov.za) and the Register for Tender Defaulters – National Treasury website www.treasury.gov.za].
- 2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.
- 3) The list must be compiled per commodity and per type of service.

15. PETTY CASH PURCHASES (Read together with the Petty Cash Policy)

- 1) The general guideline is that petty cash purchases referred to in paragraph 12(1)(a) &(b) of this Policy are for minor items that are purchased for up to R2 000 (VAT

included) where it is impractical, impossible or not cost-effective to follow formal procurement process and is strictly of a reimbursive nature and not for advances.

- 2) The Chief Financial Officer must keep the petty cash and apply the conditions as set out in the petty cash policy for the procurement of goods by means of petty cash purchases.
- 3) The Chief Financial Officer is authorised to increase the petty cash float as stipulated in the petty cash policy for a specific period and when justified.

16. WRITTEN PRICE QUOTATIONS

16.1) The conditions for the procurement of goods or services through written or verbal quotations are as follows –:

- a) quotations for transactions with values from R0 to R2 000 (VAT included); must be obtained from at least one provider preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers (Centralised Supplier Database) of the Municipality provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(c) and 14(2) of this Policy
- b) providers must be requested to submit such quotations in writing;
- c) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- d) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.
- e) any other conditions determined by the Accounting Officer.

16.2) No orders may be placed based on verbal price quotations.

16.3) No quotation, written or verbal, may be made available by an official to a prospective bidder.

16.4) The conditions for the procurement of goods or services through written quotations for amounts under the threshold for formal quotations as stated in paragraph 12(1)(d) are as follows:

- a) quotations for transactions with values over R2000 up to R30 000 (VAT included); must be obtained from at least three providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers (Centralised Supplier Database) of the Municipality provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1) (b), (c) and (d) of this Policy
- b) providers must be requested to submit such quotations in writing;
- c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;
- d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.
- g) any other conditions determined by the Accounting Officer.

2) No orders may be placed based on verbal price quotations.

- 3) No quotation, written or verbal, may be made available by an official to a prospective bidder.

17. FORMAL WRITTEN PRICE QUOTATIONS

- 1) The conditions for the procurement of goods or services through formal written price quotations are as follows:
 - a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers (Centralised Supplier Database) of the Municipality;
 - b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1) (b), (c) and (d) of this Policy;
 - c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
 - d) the accounting officer must record the names of the potential providers and their written quotations.
 - e) any other conditions determined by the Accounting Officer.
- 2) A designated official referred to in subparagraph (1) (c) must within three (3) days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that sub-delegation.

18. PROCEDURES FOR PROCURING GOODS OR SERVICES THROUGH WRITTEN QUOTATIONS AND FORMAL WRITTEN PRICE QUOTATIONS

- 1) The procedure for the procurement of goods or services through written quotations or formal written price quotations is as follows:
 - a) when using the list of accredited prospective providers (Centralised Supplier Database) the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
 - b) quotes, of which the estimated amount is less than R30 000 (inclusive of VAT), must be obtained from locally accredited prospective providers, where possible
 - c) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and an official notice board of the Municipality;
 - c) quotes received must be evaluated on a comparative basis taking into account unconditional discounts;
 - d) the accounting officer and chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation;
 - e) quotes must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;
 - f) responsive and acceptable offers, which are subject to the preference points system (PPPFA and associated regulations and policy), must be awarded to the bidder who scored the highest points; (The prescripts of the Preferential Procurement Policy Framework Act, Act No.5 of 2000 will be applied for

procurement requirements above R30 000 (and with a lesser value where appropriate).

- g) the Chief Financial Officer must set requirements for proper record keeping of all formal written price quotations accepted on behalf of the municipality.
- 2) Notwithstanding the above requirements for consideration, quotations not to specification may not be accepted.
- 3) An order may only be issued after the final award is made provided sufficient funding exist within the appropriate vote.
- 4) The accounting officer, chief financial officer, accountant supply chain management and supply chain management practitioners must take all reasonable steps to ensure that the procurement of goods and services through written price and formal written price quotations is not abused.
- 5) No official placing a procurement requisition for goods or services shall understate the requirements of the estimated value with the intention of avoiding a more stringent procurement process. This includes the deliberate splitting of requirements to reduce individual order values. The accounting officer shall promptly institute disciplinary action against any official in terms of paragraph 38 and the code of conduct and ethical standards as contemplated in this policy.
- 6) No official shall engage in contact with a prospective supplier in respect of a quotation which the supplier intends to submit except where clarification of specifications is required from either party, or where the accounting officer or his delegate may negotiate with identified preferred bidders. Any such communication must be recorded and appropriately filed with the bid documentation.
- 7) The supply chain management unit must comply with all requirements for proper record keeping.

19. COMPETITIVE BIDS

- 1) Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraphs 11(2) and 36 of this Policy.
- 2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.
- 3) Goods of a repetitive nature and exceeds R200 000.00 (VAT included) per annum may only be procured through a competitive bidding process, subject to paragraph 11.2 of this Policy.
- 4) No official shall engage in contact with a prospective bidder in respect of a bid which the supplier intends to submit except where clarification of specifications is required from either party, or where the accounting officer may negotiate with identified preferred bidders. Any such communication must be recorded and appropriately filed with the bid documentation

20. PROCESS FOR COMPETITIVE BIDDING

The procedures for the following stages of a competitive bidding process are as follows:

- a) Compilation of bidding documentation as detailed in paragraph 21;
- b) Public invitation of bids as detailed in paragraph 22;
- c) Site meetings or briefing sessions as detailed in paragraph 22;
- d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;
- e) Evaluation of bids as detailed in paragraph 28;
- f) Award of contracts as detailed in paragraph 29;
- g) Administration of contracts: After approval of a bid, the accounting officer and the bidder must enter into a written agreement unless the bidding documentation constitutes an acceptable contract.
- h) Proper record keeping: Original and legal copies of written agreements should be kept in a secure place for reference purposes.

21. BID DOCUMENTATION FOR COMPETITIVE BIDS

- 1) The criteria to which bid documentation for a competitive bidding process must comply, must –
 - a) take into account –
 - i) the general conditions of contract and any special conditions of contract, if specified;
 - ii) any Treasury guidelines on bid documentation;
 - iii) the requirements of the National Building Regulations
 - iv) the requirements of the Construction Industry Development Board (CIDB), in the case of a bid relating to construction, upgrading, refurbishment of buildings or infrastructure; and
 - v) 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 whether any portion of payment from the municipality is expected to be transferred out of the Republic;
 - b) include the preference points system to be used as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
 - c) determine and include the evaluation points and criteria for functionality to be used as contemplated in the Preferential Procurement Regulations and clearly specify the following aspects;
 - i) Evaluation criteria for functionality;

The evaluation criteria may include criteria such as consultant's relevant experience for the assignment, the quality of the methodology; qualifications of key personnel assigned to the project; transfer of knowledge, etc.

ii) Weight of each criterion;

The weight that is allocated to each criterion should not be generic, but should be determined separately for each bid on a case to case basis.

iii) Applicable Value

iv) Minimum qualifying score for functionality

The minimum qualifying score that must be obtained for functionality in order for a bid to be considered further should not be generic. It should be determined separately for each bid on a case to case basis. The minimum qualifying score must not be prescribed so low that it may jeopardise the quality of the services nor so high that it may be restrictive to the extent that it jeopardizes the fairness of the SCM system.

- d) include any other criteria and or goals as contemplated in the Preferential Procurement Regulations;
- e) include the evaluation and adjudication criteria required by any other applicable legislation;
- f) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- g) if the value of the transaction is expected to exceed R10 million (VAT included) –
 - i) the bidder is required by law to prepare annual financial statements for auditing, its audited annual financial statements –
 - (aa) for the past three years;
or
 - (ba) since its establishment if established during the past three years;
 - ii) certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards the Municipality or other service provider in respect of which payment is overdue for more than 30 calendar days;
 - iii) particulars of any contracts awarded to the bidder by the municipality during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
- h) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.
- i) in the absence of formal construction or technical contracts, e.g. JBCC and General Conditions of Contract, in which guarantees / sureties are contained, the following shall apply:
 - i) where surety is required it shall be in the form of cash or a bank guarantee from a banking institution registered in terms of the Banks Act, 1990 (Act No. 94 of 1990) or from an insurer registered in terms of the Insurance Act, 2002 (Act No. 30 of 2002). Where bids in Category A cannot raise the

required surety of 2,5%, and it is feasible to deduct the amount from the Preliminary and General (P+G) payment certificate, such concessions may be granted;

Guarantees will be required as follows:

CATEGORY	PROJECT VALUE	GUARANTEE
A	≤ R500 000	2,5%
B	R500 001 – R1 000 000	5%
C	R1 000 001 – R2 000 000	7,5%
D	>R2 000 000	10%

- j) indicate the value or extent to which the execution of the contract should or should not be subcontracted;
 - k) submit a certificate from the Department of Labour indicating compliance with the Occupational Health & Safety Act, 1993 [Act No. 85 of 1993];
 - l) any other criteria determined by the Accounting Officer; and
 - m) the amount and period of retention.
- 2) A non-refundable charge shall be raised for bid forms, plans, specifications, samples and any other bid documentation, depending on the nature, magnitude and value of technical information or samples provided by the municipality for tenders in excess of R200 000.
 - 3) Bid documents may allow for bidders to bid for one or more items or for a part of one or more items but the Municipality reserves the right to accept part of a bid or a complete bid or quotation even if it is not the lowest, provided the interests of the Municipality are best served thereby. Bid documents must be specific as certain contracts, e.g. the construction of a bridge, may require that the whole contract is to be completed by the same contractor.
 - 4) Where bidders insert prices on price lists supplied by the Municipality they shall delete items for which they do not bid or if the price has been included elsewhere in the price list. After bid/quotations have been opened bidders may not supplement their original offer if the original offer was incomplete.

22. PUBLIC INVITATION FOR COMPETITIVE BIDS

- 1) The procedure for the invitation of competitive bids is as follows:
 - a) An invitation to prospective providers to submit bids must be by means of National Treasury's eTender Portal, a public advertisement in newspapers commonly circulating locally, the notice boards at selected offices of the Municipality, the website of the Municipality, or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
 - b) the information contained in a public advertisement, must include –
 - i) the closure date for the submission of bids, which may not be less than one calendar month in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to

subparagraph (2) of this policy;

- ii) a statement that bids may only be submitted on the bid documentation provided by the Municipality; **and**
- iii) date, time and venue of any proposed site meetings or briefing sessions.

iv) the contact details of the official should enquiries be made with regard to technical detail of the bid

c) All bids advertised on the eTender Publication Administrator must at least contain the following information:

- Bid description
- Bid Number
- Name of Municipality
- The physical location where the goods, services or works specified in the bid are required;
- The closing date and time of the bid;
- Municipality contact details (postal and physical address, telephone number, email address, etc.);
- The physical location where hard copies of bids can be collected
- The physical location where bids should be delivered; and
- The bid documents (MBDs, Terms of Reference, GCC and any other relevant documents)

- 2) The accounting officer may determine a closure date for the submission of bids which is less than one calendar month requirement, or 14 days, 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.
- 3) Bids submitted must be sealed and marked as indicated in the bid advertisement and the bid document.
- 4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.
- 5) Site meetings and bid clarification meetings.
 - 1) Site meetings/ bid clarification meetings will, in general, not be compulsory. In exceptional circumstances however, a site meeting/ bid clarification meeting may be made compulsory with the approval of the relevant director.
 - 2) If site meetings/ bid clarification meeting are to be held, full details must be included in the bid notice and the bid document, including whether or not the site meeting/ bid clarification meeting is compulsory.
 - 3) Where site meetings/bid clarification meetings are made compulsory, the date for the site meetings/ bid clarification meeting shall be not less than 7 (seven) days after the bid has been advertised.
 - 4) Site meetings/ bid clarification meeting will be chaired by a duly authorised representative from the Supply Chain Management Unit. The relevant line manager responsible for a specific bid or the duly appointed consulting engineering firm employee must be present at the site meetings/ bid clarification meeting in order to provide technical information and to answer technical related questions that might arise from the prospective bidders.

- 5) The chairperson of the site meeting/clarification meeting must explain the way how the site meetings/bid clarification will be conducted and must exclude prospective bidders that arrive after the meeting has been opened.
- 6) Prospective bidders present at the site meetings/bid clarification meeting, will be required to confirm their attendance by signing the attendance register as provided by the Supply Chain Management Unit.
- 7) In instances where bid documentation provides for an attendance certificate, such a certificate must be signed by the representative of the Supply Chain Management Unit who was present at the site meetings/ bid clarification meeting and submitted with the bid document.
- 8) If at a site meetings/ bid clarification meeting, any additional information is provided or clarification of vague points is given, such additional information or clarification must be conveyed to all bidders in writing within a time frame as determined by the municipality, but not later than 7 (seven) days before the bid closing date.
- 9) Drawings and other supplements to bid documents may be provided to prospective bidders at the site meetings/bid clarification meetings.
- 10) A bidder who failed to attend a compulsory site meeting/ bid clarification meeting will be disqualified from the bidding process.

6) Validity periods

- 1) The period for which bids are to remain valid and binding must be indicated in the bid documents.
- 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.
- 3) This period of validity may be extended by the Supply Chain Management Unit, 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.
- 4) Bidders who fail to respond to such a request before the validity of their bid expires, or who decline such a request shall not be considered further in the bid evaluation process.
- 5) In the event that an appeal is received, the validity period is deemed to be extended until finalisation of the appeal.

7) Samples

- 1) Bid documents may require samples that must be submitted.
- 2) 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 Supply Chain Management representative mentioned in the bid document before the bid closing date.

- 3) A register will be kept by the Supply Chain Management representative of samples received from prospective bidders. An acknowledgement of receipt shall be issued to the prospective bidder as proof of delivery.
- 4) Bids may not be included in parcels containing samples.
- 5) If samples are not submitted as required in the bid documents then the bid concerned must be declared non-responsive.
- 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.
- 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. If not, it might be deemed as a breach in contract.
- 8) The municipality reserves the right not to return the contract sample and may dispose of it at its own discretion.

23. PROCEDURE FOR HANDLING, OPENING AND RECORDING OF BIDS

- 1) The procedures for the handling, opening and recording of bids, are as follows:
 - a) Bids–
 - i) must be opened only in public;
 - ii) must be opened on the same date and as soon as possible after the period for the submission of bids has expired;
 - iii) received after the closing time should not be considered and must be returned unopened immediately;
 - iv) An independent observer from another internal department can be requested to attend the opening of bid documents at the request of the supply chain management representative.
 - b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
 - c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
 - d) The accounting officer must
 - i) record in a register all bids received in time;
 - ii) make the register available for public inspection; and
 - iii) publish the entries in the register and the bid results on the website.
 - iv) notify the successful and unsuccessful bidders in writing.

3) Stamping of bids and reading out of names

- a) As each bid is opened the name of the bidder and the amount shall be read out.

An employee shall date-stamp the bid or quotation and all enclosures related to prices, delivery periods and special conditions. Bids and quotations shall be numbered in the sequence in which they have been opened and the words “and last” shall be endorsed on the last bid or quotation. In instances where only one bid has been received the words “and only” shall be endorsed on such bid.

- b) Where prices have not been inserted in all relevant spaces on the form and such items have not been deleted by bidders, such spaces shall be stamped “no price” by the employee who opens the bids or quotations.

Note: *It is the policy of the Municipality to disclose bid prices. With regard to quotations of a value below R200 000 (VAT included), names of bidders and prices will also be read out, will be registered in a register and will be available for inspection at the Supply Chain Management Unit.*

- c) Details on how bidders responded to the relevant evaluation criteria e.g. SMME contribution, community benefits, job creation, environmental impact, etc. should not be disclosed.

4) Late Bids

- a) Bids or quotations arriving after the specified closing time shall not be considered and where practicable and cost effective shall be returned to the bidder unopened with a letter explaining the circumstances.

- b) Bid documents must clearly state the venue where the bidding box is situated for each bid. Any bid delivered to the wrong bid box will not be considered, even if it was delivered on time.

- c) Where it's necessary to open a late bid or quotation to obtain the name and address of the sender, each page of the document shall be stamped “late bid” before the bid is returned to the bidder. The envelope must be stamped and initialled in like manner and must be retained for record purposes.

5) Amendments before the closing date.

The Municipality is entitled to amend any bid condition, validity period, specification or plan, or extend the closing date of such a bid or quotation before the closing date, provided that such amendments or extensions are advertised and/or that all bidders to whom bid documents have been issued, are advised in writing per registered post or by fax of such amendments or of the extension clearly reflecting the new closing date and time. For this reason, employees and authorised service providers issuing bids shall keep a record of the names, addresses and contact numbers of the persons or enterprises to whom bid documents have been issued.

6) Dealing with bids and quotations if the closing date thereof has been extended.

Where the closing date of a bid or quotation is extended, the notice which makes known such extensions shall also mention the bids or quotations already received, will be retained unopened in the bidding box and be duly considered after the expiry of the extended period, unless the bidder requests that such bid or quotation to be returned to the bidder or unless the bidder cancels it by submitting a later dated bid or quotation

before the extended closing date.

- 7) No amendments after the closing date allowed
 - a) The municipality is not entitled to amend any bid condition, specification or plan, after the closing date of the bid and before the acceptance of a bid or quotation has been notified.
 - b) No person may amend or tamper with any tenders, quotations, contracts or bids after their submission.

24. NEGOTIATIONS WITH PREFERRED BIDDERS AND COMMUNICATION WITH PROSPECTIVE PROVIDERS AND BIDDERS

- 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 –
 - a) does not allow any preferred bidder a second or unfair opportunity;
 - b) is not to the detriment of any other bidder; and
 - c) does not lead to a higher price than the bid as submitted.
 - d) does not lead to a lower price in respect of sale of land / goods.
- 2) Minutes of such negotiations must be kept for record purposes and as far as practical be made part of the final contract.
- 3) No unauthorised communication with bidders and prospective providers
 - a) Where bids and quotations have been submitted to the municipality, a bidder may not communicate with any councillor, official, or authorised service provider on any matter regarding his bid, quotation or offer other than a notice of withdrawal.
 - b) No municipal personnel may communicate with a bidder or any other party who has an interest in a bid, during the period between the closing date for the receipt of the bid or quotation (or date of receipt of an offer), and the date of notification of the successful bidder of acceptance of his bid, quotation or offer, except as provided for in paragraph (c) below. Every such case of unauthorised communication shall forthwith be reported to the Supply Chain Management Unit as well as the relevant chairperson of the Bid Adjudication Committee. A bid or quotation in respect of which unauthorised communication has occurred may be disqualified.
 - c) The chairperson of the Bid Adjudication Committee, as determined in paragraph 29(2), may authorise an employee or authorised service provider, in writing, to communicate with a bidder during the period mentioned in subsection (b) above for the purpose of:-
 - i) explaining and verification of declarations made in the bid response;
 - ii) confirming technical particulars and the compliance thereof with specifications;
 - iii) clarifying delivery times/quantities;
 - iv) extending the validity period of a bid;
 - v) clarifying any other commercial aspect.

- d) In all cases where authority has been granted to communicate with bidders in terms of paragraph (c) above, it should be clearly stated in the submission to the Bid Adjudication Committee the nature of the communication as well as by whom such authority to communicate has been granted.
- e) All changes and/or clarification of specifications shall be conveyed to all bidders by means or methods as specified in paragraph 23.

25. TWO- STAGE BIDDING PROCESS

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

26. COMMITTEE SYSTEM FOR COMPETITIVE BIDS

- 1) A committee system for competitive bids is hereby established, consisting of the following committees for each transaction or cluster of transactions as the accounting officer may determine:
 - a) a bid specification committee;
 - b) a bid evaluation committee; and
 - c) a bid adjudication committee;
- 2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and
- 3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- 4) The committee system must be consistent with –
 - a) paragraph 27, 28 and 29 of this Policy; and
 - b) any other applicable legislation.
- 5) The accounting officer may apply the committee system to formal written price

quotations.

27. BID SPECIFICATION COMMITTEES

- 1) The appropriate bid specification committee must compile the specifications for each procurement transaction for goods or services by the Municipality, depending on the department involved.
- 2) Specifications –
 - a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
 - b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organization, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
 - c) must, where possible, be described in terms of performance required and / or in terms of descriptive characteristics for design;
 - d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
 - e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;
 - f) must indicate each specific goal or functionality for which points may be awarded in terms of the points system set out in the Preferential Procurement Policy Framework Act, 2000, read with the Preferential Procurement Regulations 2017 as amended; and
 - g) must be approved by either the chief financial officer or relevant senior manager prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.
- 3) The bid specification committee must be composed of the senior manager and at least one professional with required technical expertise from the department responsible for the function involved (requiring the goods or services), and supply chain management practitioner from the supply chain management unit, and may, when appropriate, include local economic development officer and external specialist advisors
- 4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

28. BID EVALUATION COMMITTEES

- 1) A bid evaluation committee must –
 - a) evaluate bids in accordance with –
 - i) the specifications for a specific procurement; and
 - ii) the points system set out in terms of paragraph 27(2)(f).

- iii) the general criteria to evaluate technical and financial ability as per **Annexure B.**
 - iv) the framework for the adjudication of bids as contained in Part B (Preferential Procurement Policy).
- b) evaluate each bidder's ability to execute the contract;
 - c) evaluate the tenders to ensure value for money for the municipality;
 - d) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears for more than three months and;
 - e) consider only those bidders who has submitted and complied with the material terms and requirements of the bid documentation;
 - f) when calculating comparative prices, take into account any discounts which have been offered unconditionally, however, a discount which has been offered conditionally must, despite not being taken into account for evaluation purposes, be implemented when payment is effected;
 - g) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.
 - h) submit to the adjudication committee a report and reasons in the event of a tender not being awarded.
- 2) A bid evaluation committee must as far as possible be composed of-
 - a) Standing members
 - i) the relevant senior manager (or delegates);
 - ii) a delegated Manager: Treasury or senior supply chain management practioner; and
 - iii) any other manager(s).
 - b) Other members:
 - i) At least one knowledgeable / professional official from the Directorate for whom the bid is called.
 - ii) Technical experts, consultants or advisors, provided that these experts may only actively contribute to discussions, but not vote on the items evaluated.
 - 3) A manager: treasury or a supply chain practitioner nominated by the CFO will be the chairperson of the Bid Evaluation Committee.
 - 4) The quorum for each meeting of the Bid Evaluation Committee is at least one senior supply chain management practitioner and a representative of the relevant directorate.

29. BID ADJUDICATION COMMITTEES

- 1) A bid adjudication committee must –
 - a) consider the report and recommendations of the bid evaluation committee;
 and

- b) either –
 - i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
 - ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.
 - c) Consider the report and recommendations of the bid evaluation committee where it is recommended that the tender not be awarded; and either
 - i) Take a decision that the tender not be awarded for the reasons presented and that it be re-advertised or not be re-advertised; or
 - ii) take a decision that the tender be awarded and make a final award or a recommendation to the accounting officer to make the final award.
- 2) A bid adjudication committee shall be composed of the following: –
 - a) the chief financial officer or, if the chief financial officer is not available, a manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
 - b) the Manager: Treasury or senior supply chain management practitioner; and
 - c) Directors of each directorate or in their absence, a duly delegated official.
 - d) if deemed necessary, a technical expert in the relevant field who is an official, if such an expert exists
 - 3) The accounting officer may appoint the CFO as chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting and will be documented in the minutes.
 - 4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
 - 5) The chairperson of the bid evaluation committee may present their reports to the bid adjudication committee and clarify any uncertainties. However, such members will not have any voting power or considered when determining a quorum.
 - 6) A quorum is of 50 % plus 1, with the Chief Financial Officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer being, at all times one of the quorum-forming members.
 - 7) If the bid adjudication committee decides NOT to award a bid, either in support of the recommendation by the bid evaluation committee or on their own decision, the bid adjudication committee may:-
 - a) refer the evaluation report back to the bid evaluation committee for review and/or reconsideration or clarification, or
 - b) refer the bid document to bid specification to revise and advertise; or
 - c) cancel the bidding process.

- 8) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid-
 - a) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
 - b) notify the accounting officer.
- 9) The accounting officer may, in terms of a notice received as contemplated in paragraph 29.7—
 - a) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to; and
 - b) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- 10) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- 11) The accounting officer must comply with section 114 of the Act within 10 working days.
- 12) If the Bid Adjudication Committee or other delegated official has resolved that a bid be accepted, the successful and unsuccessful bidders shall be notified in writing of this decision.
- 13) Every notification of decision shall be sent via registered mail and either faxed or sent via electronic mail to the address chosen by the bidder, with a copy of proof of transmission kept for record purposes, or shall be delivered by hand, in which case acknowledgement of receipt must be signed and dated on a copy of such notification and kept for record purposes.
- 14) Members of the bid specification committee, bid evaluation committee and technical advisors may attend the bid adjudication committee to provide clarity, but has no decision making rights pertaining to the award.
- 15) The accounting officer may sub-delegate its power in terms of this policy to the bid evaluation committee, the bid adjudication committee and the Accountant Supply Chain Management.
- 16) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
- 17) Original / legal copies of written contracts agreements must be kept in a secure place for reference purposes.
- 18) The accounting officer is empowered to condone non-compliance with peremptory requirements of bids in cases where the condonation is not incompatible with public interest and promote the values of fairness, competitiveness and cost-effectiveness which are listed in Section 217 of the Constitution.

Successful bidder briefing

- 19) The notification to the successful bidder in terms of this Policy may require of the successful bidder to attend a compulsory briefing session with the municipality before commencement of the contract at no cost to the municipality.
- 20) The purpose of the briefing session is to:
 - a) Introduce the municipal contract manager allocated to the specific contract in terms of this policy and to meet the successful bidders contract manager;
 - b) Examine and analyse the bid document and contractual conditions to ensure that specific expectations of the municipality and the obligations of the successful bidder are well understood;
 - c) Discuss the strengths and weaknesses of the bidder's submission in relation to the specific evaluation criteria and the bidders evaluated score.
 - d) Communicate and document the anticipated contract risks and challenges as perceived by both the municipality and the successful bidders;
 - e) To develop mitigating strategies to address and mitigate the contract risk and challenges; and
 - f) Communicate the contract administration process as stated in legislation and this policy.
 - g) Formally sign the bid contract.
- 21) At least the following persons must attend the briefing session:
 - a) The municipal contract manager;
 - b) The authorised municipal supply chain official;
 - c) The successful bidders authorised contract signatory;
 - d) The successful bidders contract manager.
- 22) The notification to the successful bidder must state the date, time and place of the briefing session in writing:
 - a) Proper minutes must be kept of each briefing session;
 - b) All correspondence and documentation in relation to the briefing session must be maintained as part of the procurement documentation.

Unsuccessful bidder debriefing

- 23) The unsuccessful bidder debriefing service is offered by the municipality to unsuccessful bidders upon request.
- 24) During the debriefing unsuccessful bidders can find out how their proposal scored against required criteria and obtain comments from the evaluation team on their bid.
- 25) The debriefing should be a positive and constructive experience that explains how bidders can improve future submissions.

- 26) The debriefing an opportunity for unsuccessful bidders to:
- a) Learn more about the procurement and evaluation process in an informal setting.
 - b) Find out how their proposal scored against the required criteria.
 - c) Hear the overall comments from the evaluation team on your bid.
 - d) Gather information on how future submissions may be improved.
- 27) The debriefing is not part of the Supply Chain complaint or appeal process in terms of this policy.
- 28) The debriefing is not legal proceeding and no legal representation is permitted at the debriefing.
- 29) At the debriefing session the unsuccessful bid is not compared to other bids, nor will information be provided to the unsuccessful bidder about other bids.
- 30) In scheduling bidders debriefings session upon the request of the unsuccessful bidder, the municipality must:
- a) Confirm the date and time of the debriefing session in writing;
 - b) Conduct separate debriefings with each vendor;
 - c) Ensure that proper minutes are kept of each debriefing session;
 - d) Retain all correspondence and documentation relevant to the debriefing session as part of the procurement documentation.
- 31) In conducting bidders debriefings, the municipality may:
- a) Provide a general overview of the evaluation process set out in the bid documents;
 - b) Discuss the strengths and weaknesses of the bidder's submission in relation to the specific evaluation criteria and the bidders evaluated score.
 - c) Provide suggestions on how the supplier may improve future submissions;
 - d) Address specific questions and issues raised by the supplier in relation to their submission.

Acceptance of offers

- 32) At the invitation of bids, or quotations:
- a) the municipality is not obliged to accept the lowest or any offer;
 - b) The municipality may, where an offer relates to more than one item, accept such offer in respect of or any specific item or items.
 - c) The municipality may accept any offer notwithstanding the fact that the offer does not comply with the bid invitation in respect of which the offer has been made subject to the conditions of this policy.

30. PROCUREMENT OF BANKING SERVICES

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

31. PROCUREMENT OF IT RELATED GOODS OR SERVICES

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

32. PROCUREMENT OF GOODS AND SERVICES UNDER CONTRACTS SECURED BY OTHER ORGANS OF STATE

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

writing.

2) Subparagraphs (1)(c) and (d) do not apply if –

- a) a municipal entity procures goods or services through a contract secured by its parent municipality; or
- b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

33. PROCUREMENT OF GOODS NECESSITATING SPECIAL SAFETY ARRANGEMENTS

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

34. PROUDLY SA CAMPAIGN

- 1) The Municipality supports the Proudly SA Campaign to the extent that, as far as possible, preference is given to procuring local goods and services.
- 2) Bids in respect of services, works or goods that have been designated for local production and content, must contain a specific bidding condition that only locally produced goods, services or works or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered.
The National Department of Trade and Industry is empowered to designate industry sectors, in line with national development and industrial policies for local production, where only locally produced goods, services or construction works, or locally manufactured goods that meet a stipulated minimum threshold for local production and content, may be used.
- 3) In the case of designated sectors, where in the award of bids, local production and content is of critical importance, such bids must be advertised with a specific condition of bidding, that only locally produced goods, services or construction works or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.
- 4) Any instructions, circulars and guidelines issued by National Treasury in the above regard must be complied with.
- 5) Where there is no designated sector, bids may include, as a specific condition of bidding, that only locally produced goods, services or construction works, or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered, on condition that such prescript and threshold(s) are in accordance with the specific directives issued for this purpose by the National Treasury in consultation with the Department of Trade and Industry.
- 6) Every bid where local production and content are used, it must be measurable and audited.
- 7) Bids must be evaluated in terms of the evaluation criteria stipulated in the bid documents. The amendment of the stipulated minimum threshold for local production and content after the closure of bids is not allowed as this may jeopardise the fairness of the process.

35. APPOINTMENT OF CONSULTANTS

- 1) The accounting officer may procure consulting services provided that any Treasury guidelines and CIDB requirements in respect of consulting services are taken into account when such procurements are made.

- 2) Consultancy services must be procured through competitive bids if
 - a) the value of the contract exceeds R200 000 (VAT included); or
 - b) the duration period of the contract exceeds one year.
- 3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
 - a) all consultancy services provided to the municipality in the last five years; and
 - b) any similar consultancy services provided to the municipality in the last five years.
- 4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the Municipality.
- 5) The Accounting Officer shall as far as possible endeavour to realize the following cost containment measures when engaging with consultants:
 - (a) Accounting Officers shall only contract with consultants after a gap analysis report has confirmed that the municipality does not have the requisite skills or resources in its permanent employment to perform the services required.
 - (b) Evidence of acute planning of the project must be visible to all relevant persons including the administration and political oversight mechanisms in place at the municipality.
 - (c) Consultants, including construction and infrastructure related services, must only be remunerated at the rates equal to or below those:
 - o determined in the “Guidelines on fees for audits done on behalf of the Auditor-General South Africa”, issued by the South African Institute of Chartered Accountants (SAICA);
 - o set out in the “Guide on Hourly Fee Rates for Consultants”, by the Department of Public Service and Administration (DPSA); or
 - o Prescribed by the body regulating the profession of the consultant.
 - (d) Ensure an exacting “specification” of the work to be accomplished, accompanies the tender and is used as a monitoring tool and appropriately recorded and monitored.
 - (e) Ensure that contracts for consultants include retention and penalty clauses for poor performance and in this regard against the above specification, accounting officers must invoke such clauses, where deemed necessary.
 - (f) That contracts/services are concluded based on the best “value for money” principles, i.e. matching fees against quality and against benchmarked practices.
 - (g) The appointing of consultants on a time and cost basis with specific start and end dates.
 - (h) Travel and subsistence costs for the appointment of consultants must be in accordance with the travel policy of government and the contract price specifies all travel & subsistence costs.
 - (i) Endeavour to ensure that when travel and subsistence costs for appointed

consultants are exclusive of the contract, the costs must be in accordance with the following provisions:

- Hotel accommodation may not exceed the amount determined by National Treasury;
 - Only economy class air tickets may be purchased for flights;
 - Only group B vehicles or lower may be hired for engagements, as determined by National Treasury;
 - Kilometres claimed for the use of private vehicles may not exceed the rates approved by the National Department of Transport, as updated from time to time.
- (j) To develop consultancy reduction plans.
- (k) Undertake all engagements of consultants in accordance with the SCM Regulations and the municipality's SCM policy.

36. DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF, PROCUREMENT PROCESSES

- 1) The accounting officer may –
 - a) 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 negotiations and through the process set out in this paragraph provided that the municipality shall adhere to fair, equitable, transparent, competitive and cost-effective, procurements to the maximum extent practicable.
 - b) Dispense with the official procurement processes established by this Policy only –
 - i) In an emergency;
 - ii) If such goods or services are produced or available from a single provider only;
 - iii) For the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - v) Acquisition of animals for zoos and/or nature and game reserves; or
 - vi) In any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
 - vii) 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
 - viii) workshop strip and quote
 - c) Ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.
- 2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.
- 3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.
- 4) All identified possible unauthorized, irregular and fruitless and wasteful expenditure must be

referred to the Municipal Public Accounts Committee (MPAC) investigation and the MPAC makes recommendations to Council with the exception of minor breaches ratified by the accounting officer.

- 5) The following will be deemed not to be deviations from SCM processes:
- (i) Advertisements that are placed in National Government and Provincial Government Gazettes.
 - (ii) The procurement of fuel from any recognised Fuel Company and their depots, except when fuel is procured for the Municipal Depot.
 - (iii) Vehicles serviced by the agent in terms of the warranty or service plan of the vehicle as well as any other repairs or maintenance that is identified when the vehicle is being serviced by an agent in terms of the warranty or service plan of the vehicle.
 - (iv) The acquisition of services of medical specialists as may be required from time to time and in terms of the Pension Funds Amendment Act, Act 65 of 2001 and related regulations and amendments.
 - (v) Any machinery or other equipment serviced by the agent in terms of the warranty or service plan of that machinery or equipment.
 - (vi) Training, courses, seminars and/or workshops advertised by a professional institution related to local government.
 - (vii) The use of restaurants for special functions where quotations cannot be obtained.
 - (viii) The procurement of newspapers for municipal libraries and other municipal offices.
 - (ix) The acquisition of driving license cards from the service provider officially appointed by the National Department of Transport to issue such cards.
 - (x) Pauper burials and cremations.
 - (xi) The acquisition of specialist services of attorneys, advocates and labour relations practitioners subject thereto that the acquisition of such services be dealt with in terms of the Municipality's Delegation of Powers and Duties as amended from time to time and any Bargaining Council Agreements on Disciplinary Procedures.

37. UNSOLICITED BIDS

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

- a) reasons as to why the bid should not be open to other competitors;
 - b) an explanation of the potential benefits if the unsolicited bid was to be accepted; and
 - c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- 4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.
 - 5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
 - 6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
 - 7) When considering the matter, the adjudication committee must take into account –
 - a) any comments submitted by the public; and
 - b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
 - 8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
 - 9) Such submission must be made within five business days after the decision on the award of the unsolicited bid is taken, but no contract committing the Municipality to the bid may be entered into or signed within 30 days of the submission.

38. COMABTING OF ABUSE OF SUPPLY CHAIN MANGEMENT SYSTEM

- 1) The accounting officer is hereby enabled to–
 - a) take all reasonable steps to prevent abuse of the supply chain management system;
 - b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
 - i) take appropriate steps against such official or other role player; or
 - ii) report any alleged criminal conduct to the South African Police Service;
 - c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
 - d) reject any bid from a bidder–
 - i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the Municipality, or to any other municipality or municipal entity are in arrears for more than three months; or
 - ii) who during the last five years has failed to perform satisfactorily on a previous

contract with the Municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;

- e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
 - f) cancel a contract awarded to a person if –
 - i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
 - g) reject the bid of any bidder if that bidder or any of its directors –
 - i) has abused the supply chain management system of the Municipality or has committed any improper conduct in relation to such system;
 - ii) has been convicted for fraud or corruption during the past five years;
 - iii) has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
- 2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.
- 3) Restrictive practices are prohibited
- a) In terms of section 4 (1) (b) (iii) of the Competition Act No. 89 of 1998, as amended, an agreement between, or concerted practice by, firms, or a decision by an association of firms, is prohibited if it is between parties in a horizontal relationship and if a bidder is or a contractor was involved in collusive bidding.
 - b) If a bidder or contractor, based on reasonable grounds or evidence obtained by the municipality, has engaged in the restrictive practice referred to above, the municipality may refer the matter to the Competition Commission for investigation and possible imposition of administrative penalties as contemplated in section 59 of the Competition Act No. 89 of 1998.
 - c) If a bidder or contractor has been found guilty by the Competition Commission of the restrictive practice referred to above, the purchaser may, in addition and without prejudice to any other remedy provided for, invalidate the bid for such item(s) offered, and / or terminate the contract in whole or part, and / or restrict the bidder or contractor from conducting business with the public sector for a period not exceeding ten (10) years and / or claim damages from the bidder or contractor concerned.

Part 3: LOGISTICS, DISPOSAL, RISK AND PERFORMANCE MANAGEMENT

39. LOGISTICS MANGEMENT

The accounting officer must establish and implement an effective system of logistics management, which must include -

- 1) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- 2) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- 3) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- 4) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- 5) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- 6) regular checking to ensure that all assets are properly managed and maintained in terms of Council's Asset Management Policy; and
- 7) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

40. DISPOSAL MANAGEMENT

DISPOSAL AND LETTING

40.1 Objective

The main objective of this Chapter is to provide a regulatory framework for the disposal and letting of immovable assets and to provide a framework when the Municipality enter into lease agreements.

40.2 Definitions

For the purposes of this Chapter, unless the context indicates to the contrary

40.2.1 "**Asset Transfer Regulations**" means the Municipal Asset Transfer Regulations promulgated in terms of the MFMA;

40.2.2 "**BEE Act**" means the Broad-Based Black Economic Empowerment Act 53 of 2003;

40.2.3 "**BEE**" means the economic empowerment envisaged by the BEE Act of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies that include, but are not limited to-

- a) increasing the number of black people that manage, own and control enterprises and productive assets;
- b) facilitating ownership and management of enterprises and productive assets by communities, workers, cooperatives and other collective enterprises;
- c) human resource and skills development;
- d) achieving equitable representation in all occupational categories and levels in the workforce;
- e) preferential procurement; and
- f) investment in enterprises that are owned or managed by black people;

40.2.4 "**black people**" means Africans, Coloureds and Indians;

40.2.5 "**local**" in respect of persons, means inhabitants of Cederberg Municipality and in respect of geographical area, means the jurisdictional area of Cederberg Municipality;

40.2.6 "**MFMA**" means the Local Government: Municipal Finance Management Act 56 of 2003;

40.2.7 "**The Systems Act**" means the Local Government: Municipal Systems Act 32 of 2000.

40.3 General principles

40.3.1 Immovable property may only be sold at market related prices and let at market related rates except when the public interest or plight of the poor demands otherwise. For purposes of this Chapter:

- "**public interest**" means disposal or letting to:-

- a) promote the achievement of equality by taking measures to protect or advance persons or categories of persons, disadvantaged by unfair discrimination;
- b) afford black people who are South African citizens a preference in respect of the disposal and letting of immovable property as envisaged in section 9(2) of the Constitution;
- c) promote BEE through disposal and letting;
- d) ensure and promote home ownership and enterprise development of black people including but not limited to ensuring that people that qualify in terms of the Municipality's GAP housing policy have access to adequate housing on a progressive basis;
- e) advance agricultural projects for land reform purposes,
- f) promote welfare and charitable purposes including non-profit rehabilitation facilities; shelters for the indigent and destitute; youth development and drug counseling;
- g) promote sports development facilities and for sports development purposes;
- h) foster equitable access to public amenities, social and/or sports clubs and similar organisations by providing discounted prices or rates in the event that the beneficiaries or the membership component of such institution or body consist of at least 50% black people and/or the membership or subscription fee of black people is less than 50% of the normal membership or subscription fee;
- i) facilitate and promote local economic development activities.
 - **"plight of the poor"** means the needs of the people that are vulnerable and unable to meet their socio-economic needs independently or to support themselves and their dependants and are in need of social assistance.

40.3.2 Black people who are South African citizens will be afforded a preference in respect of the disposal and letting of immovable assets as envisaged in section 9(2) of the Constitution regardless of whether it is sold or let at market related prices or rates or not.

40.3.3 In the case of the free disposal or computer equipment, the provincial department of education must first be approached to indicate within 30 days whether any of the local schools are interested in the equipment.

- 40.3.4 In the case of the disposal of firearms, the National Conventional Arms Control Committee must approve any sale or donation of firearms to any person or institution within or outside the Republic.
- 40.3.5 All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property must be reviewed annually.
- 40.3.6 Where assets are traded in for other assets, the highest possible trade-in price must be negotiated.

40.4 Methods of disposal

- 40.4.1 Transferring assets to another organ of state in terms of a provision of the MFMA enabling the transfer of assets.
- 40.4.2 Transferring assets to another organ of state at market related value or free of charge when appropriate.
- 40.4.3 By destroying assets.
- 40.4.4 Assets may be disposed of by sale or other agreement after a process which is fair, equitable, transparent and competitive and which may include:
 - 40.4.4.1 a tender process which involves the call for purely financial offers for disposal or letting of immovable assets taking into account the general principles above; .
 - 40.4.4.2 a call for development proposals in order to fulfill the constitutional and legislative duties of the Municipality including but not limited to achieving the general principles and progressive realisation of the right to access to adequate housing and the fostering of conditions which enable citizens to gain access to land on an equitable basis such as the specific objective of addressing skewed land ownership or control patterns focusing on and incorporating ownership of or control by black people; and
 - 40.4.4.3 a two-stage bidding process for large complex projects; projects where it may be undesirable to prepare complete detailed technical specifications or long term projects with a duration period exceeding three years.

40.4.5 Granting of servitudes and similar rights which confers on the person to whom the right is granted the power to use, control or manage the immovable asset as if that person is the beneficial owner. These are subject to the process and requirements set for disposal of immovable assets contained in this Chapter including the general principles in 40.3 and which must be fair, equitable, transparent and competitive.

40.4.6 Movable assets may be sold by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous to the Municipality (applicable to movable assets).

40.5 Disposal of immovable assets

40.5.1 Process

40.5.1.1 An item consisting of the motivation for the disposal of immovable assets must be prepared by the Directorate: Corporate and Strategic Services enabling Mayco to make an informed decision in principle.

40.5.1.2 After a decision in principle is taken by Mayco, Supply Chain Management will embark on the applicable process after the Accounting Officer has determined the applicable scoring methodology and/or preference points and/or weights and/or specific goals.

40.5.1.3 After the competitive bidding process, the Supply Chain Management Unit will source the valuation of the asset concerned depicting its fair market value. Fair market value will be calculated as the average of the valuations sourced from two service providers for properties with a municipal valuation in excess of R1 million. In respect of properties with a municipal valuation below R 1 million the fair market value will be determined by the municipal valuator determining a current value for the said property and for purposes of this Chapter market related prices shall have the same meaning.

40.5.1.4 Depending on the fair market value as determined, either a request for authorisation of a public participation process will be submitted by the Accounting Officer to Council or a final submission prepared by Corporate Services in terms of Section 14 of the MFMA to Council must then follow.

40.6 Letting

The letting of assets must adhere to and achieve the general principles contained in 40.3.

40.6.1 Process

- 40.6.1.1 An item must be prepared by the Directorate: Corporate and Strategic Services to Mayco to obtain a decision in principle to let the immovable asset.
- 40.6.1.2 After a decision in principle is taken by Mayco, the Accounting Officer must determine the applicable scoring methodology and/or preference points and/or weights and/or specific goals.
- 40.6.1.2 The Supply Chain Management Unit must then embark on the applicable process within the framework of the general principles contained in 40.3 which process must be fair, equitable, transparent and competitive. The normal rental stock of the Municipality for housing purposes is expressly excluded from this provision but the general principles contained in 40.3 must still be complied with.
- 40.6.1.3 The necessary contractual requirements must be drafted and finalised by Corporate and Strategic Services.

40.7 General

- 40.7.1 All items or reports to Council in terms of this Chapter must contain all the applicable and prescribed provisions in terms of the Asset Transfer Regulations including but not limited to factors that Council must consider as well as those pertaining to conditions that may be imposed.
- 40.7.2 All agreements concluded pursuant to disposal or letting must contain the minimum requirements stipulated in the Asset Transfer Regulations that are applicable to agreements as well as in the MFMA.

40.8 Application

This Chapter must be applied to all assets owned by the Municipality and must be complied with in every instance where the disposal or letting of assets is dealt with.

41. RISK MANAGEMENT

- 1) The accounting officer has established and implemented an effective system of risk management for the identification, consideration and avoidance of potential risks in the supply chain management system.
- 2) Risk management include –
 - a) The early and systematic identification of risks on a case-by-case basis;

- b) The allocation and acceptance of risks to the party best suited to manage such risks;
 - c) Acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
 - d) The management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
 - e) The assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.
- 3) Due care must be taken in the bid administration and management process to minimise the risks of:
- a) litigation by unsatisfied service providers;
 - b) misinterpretation of municipal needs;
 - c) overstatement or understatement of municipal needs;
 - d) selecting or delivery of inappropriate goods and services;
 - e) poor value for money;
 - f) appointing inappropriate suppliers;
 - g) unethical conduct of suppliers and other official involved in the supply chain management process;
 - h) uneconomical, uncompetitive and inequitable procurement.
- 4) To give effect to paragraph 3 above, the municipality will identify risk inherent to a particular bid-
- a) Risks may be identified for all bids during the specification stage of the bid process.
 - b) Risks identified in (i) above may cover the entire life cycle of a contract from initiation to completion of the goods/services.
 - c) For contracts with a life cycle in excess of 3 months, the risks may be reviewed at least monthly by the contract manager as referred to in this policy.
 - d) The contract manager in conducting the review of the bid risks during the life cycle of the contract may add new or emerging risks when identified.
- 5) A risk table may be included at specification stage for each bid that may set out:
- a) Risk description;
 - b) Background to the risk;
 - c) Impact;

- d) Likelihood;
 - e) Inherent risk;
 - f) Current controls;
 - g) Perceived control effectiveness;
 - h) Residual risk;
 - i) Risk owner;
 - j) Actions to improve management of the risk;
 - k) Time scale.
- 6) The risk rating methodology will be in accordance with the Cederberg Municipality's risk management policy.
 - 7) The Evaluation and Adjudication Committee may review risks of bids received against the predetermined risk as identified at the bid specification stage and may in conducting the review of the bid add new or emerging risks and mitigating strategies when identified.
 - 8) At the briefing session with the successful bidder in terms of this policy:
 - a) Risks identified during the Bid specification, Bid evaluation and Bid adjudication process that pertains to the contract for goods or services may be disclosed to the successful bidder to improve mitigating factors.
 - b) New and emerging risks identified may be added.
 - c) Risks identified by the successful bidder may be added to the contract risks if agreed to by the municipality.

42. PERFORMANCE MANAGEMENT

- 1) The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.
- 2) The quarterly report and annual report on the implementation of this policy, the monitoring of the service delivery and budget implementation plan (SDBIP) and the Annual Report may be used as tools to perform a retrospective analysis of supply chain management processes.
- 3) Vendor performance-
 - a) Each project manager shall monitor the supplier's compliance and performance to the set of specifications.

- b) If the supplier fails to perform in accordance with the specification requirements, the project manager must report such failure to the supplier in writing immediately upon becoming aware of such non-compliance for them to correct the situation.
- c) The above information will be kept and made available for future evaluation purposes, contract negotiations and regular feedback to vendors.
- d) If vendors fail to deliver in terms of the General conditions of contract, the municipality reserves the right to make use of remedies at its disposal in terms of applicable law.

Part 4: OTHER MATTERS

43. PROHIBITION ON AWARDS TO PERSONS WHOSE TAX MATTERS ARE NOT IN ORDER

- 1) Bids in excess of R30 000 will only be evaluated if the municipality is in possession of a Master Registration Number or tax compliance status PIN of the bidder to enable the municipality to verify the bidder's tax compliance status
- 2) The designated official(s) should verify the bidder's tax compliance status prior to the finalisation of the award of the bid or price quotation.
- 3) Where the recommended bidder is not tax compliant, the bidder should be notified of their non-compliant status and the bidder must be requested to submit to the municipality or municipal entity, within 7 working days, written proof from SARS of their tax compliance status or proof from SARS that they have made an arrangement to meet their outstanding tax obligations. The proof of tax compliance status submitted by the bidder to the municipality or municipal entity must be verified via the CSD or e-Filing.
- 4) The accounting officer should reject a bid submitted by the bidder if such a bidder fails to provide proof of tax compliance status within the timeframe stated above.
- 5) Where goods or services have been delivered satisfactorily without any dispute, the accounting officer should not delay processing payment of invoices due to outstanding tax matters.

44. PROHIBITION ON AWARDS TO PERSONS IN THE SERVICE OF THE STATE

- 1) Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –
 - a) who is in the service of the state;
 - b) that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
 - c) a person who is an advisor or consultant contracted with the Municipality in respect of a contract that would cause a conflict of interest.
- 2) In the case of false declaration of interest the –

- (a) contract must be immediately suspended and payments made, recovered;
- (b) criminal charges must be laid with the South African Police Services for further investigation;
- (c) details to be reported to Council at its next meeting and information contained in the Annual Report of the municipality;

45. AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE

- 1) The municipality does not encourage the awarding of contract by employees in decision-making positions to close family members or friends. To this extent the municipality requires all employees to make full disclosures of businesses owned by close family members and/ or friends and it is further expected that such individuals must not directly or indirectly be involved in the awarding of such business.
- 2) The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2 000 (VAT included) to a close family member of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –
 - a) the name of that person;
 - b) the capacity in which that person is in the service of the state; and
 - c) the amount of the award.

46. ETHICAL STANDARDS

- 1) A code of ethical standards for supply chain management practitioners and other role players involved in supply chain management is hereby established in accordance with sub-paragraph (2) 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.
- 2) 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, of a value more than R350;
 - d) notwithstanding subparagraph (2)(c), 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 which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the Municipality;
- f) 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;
- g) must be scrupulous in his or her use of property belonging to the municipality;
- h) must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
- i) must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
 - i) any alleged fraud, corruption, favouritism or unfair conduct;
 - ii) any alleged contravention of paragraph 47(1) of this policy; or
 - iii) any alleged breach of this code of ethical standards.

3) Declarations in terms of subparagraphs (2)(d) and (e) –

- a) must be recorded in a register which the accounting officer must keep for this purpose;
 - i) by the accounting officer must be made to the mayor of the municipality who must ensure that such declarations are recorded in the register.

4) A breach of the code of ethics must be dealt with as follows –

- a) in the case of an employee, in terms of the disciplinary procedures of the Municipality envisaged in section 67(1)(h) of the Municipal Systems Act;
- b) in the case a councillor, in terms of Schedule 1 of the Systems Act;
- c) in the case a role player who is not an employee, or a councillor through other appropriate means in recognition of the severity of the breach; and
- d) in all cases, financial misconduct must be dealt with in terms of Chapter 15 of the Act.
- e) in the case of SCM practitioners and the other role players involved in SCM, in terms of National Treasury's code of conduct

47. INDUCEMENTS, REWARDS, GIFTS AND FAVOURS

- 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 through a representative or intermediary promise, offer or grant –
 - a) any inducement or reward to the Municipality for or in connection with the award of a contract; or
 - b) any reward, gift, favour or hospitality to –
 - i) any official; or
 - ii) any other role player involved in the implementation of this Policy.
- 2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- 3) Subparagraph (1) does not apply to gifts less than R350 in value.

48.SPONSORSHIPS

The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through 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.

49. 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.

50. RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES

- 1) The accounting officer must appoint an independent and impartial person or persons, not directly involved in the supply chain management processes –
 - a) to assist in the resolution of disputes between the Municipality and other persons regarding –
 - i) any decisions or actions taken in the implementation of the supply chain management system; or
 - ii) any matter arising from a contract awarded in the course of the supply chain management system;
 - b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

- 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.
- 3) The person appointed must –
 - a) strive to resolve promptly all disputes, objections, complaints or queries received; and
 - b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.
- 4) 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.

- 5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query will be referred to the National Treasury for resolution.
- 6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

51. RIGHT OF APPEAL

- 1) In terms of Section 62 of the Municipal Systems Act (Act 32 of 2000 as amended), a person whose rights are affected by a decision taken by the municipality, in terms of a delegated authority, in the implementation of its supply chain management system, may appeal against that decision by giving written notice of the appeal and reasons to the Municipal Manager within 21 days of the date of receipt of the notification of the decision.
- 2) Bid documents must state that any appeal in terms of this policy must be submitted to the Municipal Manager, and must contain the following:
 - a) reasons and/or grounds for the appeal;
 - b) the way in which the appellants rights have been affected; and
 - c) the remedy sought by the appellant.
- 3) The Municipal manager shall establish an appropriate appeal authority in terms of section 62 of the Systems Act, to consider appeals received in terms of paragraph 64(1) above.
- 4) The appeal authority must consider the appeal, and confirm, vary or revoke the decision, but no such variation or revocation of a decision may detract from any rights that may have accrued as a result of the decision.

52. CONTRACT MANAGEMENT

- 1) Contract administration includes all administrative duties associated with a contract that has arisen through the acquisition/procurement processes described in this policy.
- 2) All contracts must be administered by a contract manager, who will be an internal official assigned to ensure the effective administration of the contract.
- 3) The contract manager will typically be the internal project manager assigned to the project as a whole, but may also be a cost centre owner or other responsible official.
- 4) A contract manager must be assigned to each contract and, where possible, should be involved from the earliest stages of the acquisition process.
- 5) The contract manager's duties and powers shall be governed by the conditions of contract and the general law.
- 6) In administering a contract, the contract manager will be required to form opinions and make decisions which, while in the Cederberg Municipality's best interests, must be fair to all parties concerned.

- 7) Directors shall be responsible for ensuring that contract managers are:
 - a) assigned to all contracts within the Director's area of responsibility; and
 - b) adequately trained so that they can exercise the necessary level of responsibility in the performance of their duties.
- 8) The contract manager must-
 - a) ensure that all the necessary formalities in signing up the contract and/or issuing the purchase order(s) are adhered to;
 - b) ensure that purchase order are captured on the municipality's financial system in the form in accordance with the pricing schedule;
 - c) ensure that all original contract documentation is lodged with Archives for record purposes;
 - d) monitor on a monthly basis the performance of the service provider order to ensure that all of the terms and conditions of the contract are met;
 - e) regularly report to the accounting officer on the management of the contract and the performance of the service provider;
 - f) conduct contract risk assessments for contracts longer than 3 months as stated in this Policy;
 - g) where necessary, take appropriate action where a service provider is underperforming or is in default or breach of the contract and to report such failures promptly to the accounting officer;
 - h) where appropriate, authorise payments due in terms of the contract by processing payment certificates (if applicable), and ensuring that the necessary Service Entry Sheets or Goods Received Notes are lodged with the Finance Department for capturing on the municipality's financial system;
 - i) contract variation or change procedures are approved by the accounting officer in writing which must be in line with the applicable general conditions of contract and this policy;
 - j) administer disputes, in consultation with the Supply Chain Management Unit, in terms of this policy and the applicable conditions of contract;
 - k) conduct, as appropriate, post contract reviews;
 - l) maintain adequate records (paper and/or electronic) in sufficient detail on an appropriate contract file to provide an audit trail;
 - m) act with care and diligence and observe all accounting and legal requirements;
 - n) inform the Asset Management section of the location of newly procured assets for asset register and insurance purposes; and

- o) provide contract information to the Supply Chain Management Unit, as determined by the unit, after a contract has ended.
- 9) The contract manager must-

53. EXPANSION OR VARIATION OF ORDERS AGAINST ORIGINAL CONTRACT VALUES

- 1) Contracts may be expanded or varied by not more than 20 % for construction related goods, services and / or infrastructure projects and 15 % for all other goods and / or services of the original value of the contract;
- 2) Anything beyond the abovementioned thresholds must be reported to Council and dealt with in terms of the provisions of section 116(3) of the MFMA which will be regarded as an amendment to the contract.

54. CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER

If a service provider acts on behalf of a 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-

- 1) a cap on the compensation payable to the service provider; and
- 2) that such compensation must be performance based.

55. UNSATISFACTORY PERFORMANCE

- 1) When an order is placed according to a contract, the following information should be attached to the order forms to assist the transit personnel with enquiries to contractors:
 - i) Postal address;
 - ii) Telephone /Facsimile number;
 - iii) Contact person (person who will handle the order on behalf of the contractor)

2) Unsatisfactory performance of contractor-

- 1) Unsatisfactory performance occurs when performance is not in accordance with the contract conditions, e.g.:
 - i) If the contractor fails to deliver any or all the goods, works or services within the period(s) specified in the contract, or within extension thereof granted by the SCMU pursuant to GCC;
 - ii) If the contractor fails to perform any other obligation(s) under the contract, e.g.:

If, during the guarantee period, a supplier does not comply with the requirements because of faulty material used during manufacture, or faulty finishing, or any deficiency, latent or otherwise, the contractor must be requested without delay, by registered mail, to replace or repair the supply depending on the circumstances. Supplies thus replaced or repaired or services thus rendered must be guaranteed for the same period as the original supplies or services.

- iii) If the contractor, in the judgement of the SCMU, has engaged in corrupt or fraudulent practices in competing for or in executing the contract.

3) Procedure applicable to non-performance

- 1) Should the contractor not adhere to the contract conditions (non-delivery, delivery of an inferior product, etc.), the following procedure should be followed:
 - (i) A registered letter must be sent to the supplier to inform him/her that he/she did not honour the contract conditions. The waybill number of the letter must be quoted on the relevant SCMUs copy.
 - (ii) The letter must be typed and concept letters should not be used. Each case should be handled individually.
 - (iii) The intention must be clearly stated in the letter (e.g. reprimand him on his delivery; etc.).
 - (iv) The contents of GCC paragraph 21 must be quoted for the contractor's convenience.
 - (v) The bid/contract number, order-number, description of the item(s), quantities and value of contract must be clearly indicated in the letter.
 - (vi) The contractor must be afforded an opportunity of at least fourteen (14) but not less than seven (7) days to comment.
 - (vii) If the supplier fails to deliver any or all of the goods or to perform the service within the period(s) specified in the contract, the purchaser shall, without prejudice to its other remedies under the contract, deduct from the contract price, as a penalty, a sum calculated on the delivered price of the delayed goods or unperformed services using the current prime interest rate calculated for each day of the delayed until actual delivery or performance. The purchaser may also consider termination of the contract pursuant to GCC clause 23.
- 2) Whilst the above-mentioned procedure is in process and there is a need for the item/service, the minimum quantity must be purchased in accordance with delegated powers and properly recorded to be able to recover any adverse cost from the contractor.

4) Procedure applicable to Buy-out transactions

- 1) When the time provided for the contractor to respond to the claim of non-performance has lapsed, the SCMU can proceed with the buy-out transaction. Another registered letter must be issued to the contractor, informing him/her that a buy-out transaction is now being initiated against him/her and that no further deliveries will be accepted as from date of the relevant letter in rectification of the breach of contract.
 - 1.1) When the Municipality has to buy out at the contractor's expense, the loss to the Municipality must always be restricted to the minimum since it is difficult to justify the recovery of unreasonable additional costs from the contractor.
 - 1.2) Only goods, works and services of the same quality can be obtained within delegated powers.

- 1.3) The difference in cost must be determined and any adverse costs must be recovered from the contractor.
 - 1.4) The Senior Manager: Legal Services must therefore be furnished with all relevant information/documentation in order to act on behalf of the Municipality.
 - 1.5) It is therefore important to keep proper record of all buy-out transactions.
- 2) To ensure uniformity, a register should be kept in which all buy-out/unsatisfactory performance transactions must be registered under the following headings:
 - i) Order Number;
 - ii) Date of Order;
 - iii) Name and address of contractor;
 - iv) Description of item(s) (as it appears on contract/order);
 - v) Value of order;
 - vi) Contractual delivery date;
 - vii) Date of letter addressed to contractor;
 - viii) Due date of response from contractor;
 - ix) Date of buy-out transaction;
 - x) Price quotations/Bids obtained;
 - xi) Difference in cost (Latest price paid versa contract price);
 - xii) Invoice number issued to contractor – adverse cost incurred due to buy-out transaction.
 - 3) A file should be opened for each and every case and copies of all relevant documents and correspondence (copy of the order, letters addressed to the supplier, price quotations/bids invited in order to obtain the product, claim against the contractor, etc.)
 - 4) Cases, which can be dealt with satisfactorily by the SCMU need not be referred to the Senior Manager: Legal Services for action. However, if a contractor repeatedly gives trouble and his/her actions cause the Municipality serious inconvenience, loss or embarrassment, the matter must be reported to the Senior Manager: Legal Services and a recommendation made regarding corrective steps which should be taken.

5) Cancellation of contracts

- 1) If acceptable reasons exist, in the event the amount exceeds R200 000.00 (inclusive of VAT), the Bid Adjudication Committee has the power to resile (“daaruit terugtree”) from an agreement without detracting from any of the Municipality's rights and in appropriate cases, to claim compensation.

- 2) Cancellation of a contract may be considered for a variety of reasons, such as wrong preferences claimed, non-compliance with contract conditions, delayed deliveries, bribery, death or sequestration/liquidation of the contractor, etc.
- 3) Cancellation of a contract is usually prejudicial to the Municipality. Therefore serious thought must be given to the grounds for considering cancellation. Clarity must be reached beforehand on the question of whether the contractor will have a claim against the Municipality or not, and if so, whether cancellation can be justified. If cancellation is decided upon, the matter must be explained fully in a memorandum to the CFO and, in the event the amount exceeds R200 000.00 (inclusive of VAT), the Bid Adjudication Committee and the following must be addressed:
 - i) The particular contract condition or section of the Act empowering the action;
 - ii) what further arrangements will be made for completing the contract; and
 - iii) whether additional costs will be recovered from the contractor.
- 4) If the additional costs cannot be determined precisely, a careful estimate must be made and mentioned in the submission to the relevant Bid Adjudication Committee.
- 5) Any claim for the recovery of additional costs must be limited to the minimum actual amounts. Therefore, in such cases, purchasing organisations cannot summarily authorise purchasing to the best advantage of the Municipality, since this might prejudice the recovery of the additional costs from the original contractor. There may be other avenues of action, which might result in lower additional costs. Consequently, thought must also be given to the possibility of considering the next lowest acceptable bid received in response to the particular bid invitation, for acceptance. As an alternative, a fresh contract may be concluded through the normal bid procedures. In this process, account must be taken of the time elapsed between the closing of bids and the cancellation of the contract and the effect of the cancellation on the Municipality's schedules.

6) Restrictions

- 1) Circumstances may exist, when it might be an option to restrict a person/contractor or organisation from obtaining business from the public sector.
- 2) Should the Municipality opt to restrict the contractor and/or any other person(s) from obtaining business from the public sector, the Municipality must:
 - a) inform the contractor or person(s) by registered mail or by delivery of the notice by hand of the intention to impose the restriction, provide the reasons for such decision and the envisaged period of restriction;
 - b) allow the contractor and/or person(s) fourteen (14) days to provide reasons why the envisaged restriction should not be imposed;
 - c) consider any reasons, submitted by the contractor and/or person(s) in terms of paragraph (b) above;
 - d) impose the restriction or amended restriction; and

- e) inform the National Treasury within five (5) working days of such imposition of the name of the restricted person(s); the reason for restriction; the period of restriction and the date of commencement of the restriction.
- 3) Any restriction imposed on any person by the Municipality will, at the discretion of the Municipality also be applicable to any other enterprise or any partner, manager, director or other person who wholly or partly exercises or exercised or may exercise control over the enterprise of the first-mentioned person, and with which enterprise or person the first-mentioned person, is or was in the opinion of the Municipality actively associated.
- 4) However, when considering the restriction of a contractor/person, care must be taken that the prescribed procedures have been strictly adhered to since the court may find that an administrative action, such as the imposition of a restriction, is not valid in cases where the person or organisation, for example, has not been given a reasonable time to put the other side of the case, or has not been fully informed of the results of his failure to react. It is also possible that, where contradictions or ambiguities exist, the court will give the benefit of doubt to the persons or organisations against whom a restriction has been imposed and may pass judgment in their favour.

7) Amendment/ upliftment of restrictions

- 1) Based on sound reasons, the Municipality is empowered to amend/ uplift any restriction imposed and must then inform the National Treasury accordingly.
- 2) A contractor or any other person restricted by the Municipality has a right to contest the restriction in a Court of Law, and the Municipality who imposed the relevant restriction will be responsible and accountable for the Court proceedings.

56. HANDLING OF PROPRIETARY INFORMATION

- 1) All information designed and prepared for the municipality is deemed as proprietary. No such information may be distributed, modified or customised for third parties without the written permission of the accounting officer.
- 2) All supplier information shall be treated as confidential.
- 3) In appropriate instances, the municipality may require security clearance and confidentiality agreements to be entered into with suppliers.

57. SHORT TITLE AND COMMENCEMENT

This part of the policy is called the Cederberg Municipality **Supply Chain Management Policy**.

The first policy was adopted 10 July 2007 and takes effect 11 July 2007.

CEDERBERG MUNICIPALITY



PREFERENTIAL PROCUREMENT POLICY

PART B

CEDERBERG MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART B

Part B

PREFERENTIAL PROCUREMENT POLICY adopted in terms of section 5 of the Preferential Procurement Policy Framework Act, No. 5 of 2000 and the Preferential Procurement Regulations, 2017

PREAMBLE

WHEREAS the Cederberg Municipality aims to improve the quality of life of the local community and to free the potential of each person within a framework of facilitating service delivery, through effective governance and the Council takes into account the need for transparent procedures that give the effect to the principle of preferential procurement;

AND WHEREAS local economic development plays a crucial role in creating a prosperous, equitable, stable and democratic society and the overall national vision of economic development is one of decent work and living standards for all in the context of qualitative improved equality in ownership, skills and access to opportunities;

NOW THEREFORE the Council of the Cederberg Municipality resolves in terms of section 5 of the Preferential Procurement Policy Framework Act, No. 5 of 2000 that the principles embodied in the Preferential Procurement Regulations, 2017 are herewith integrated into the Cederberg Municipality's Supply Chain Management Policy to form the basis of the evaluation criteria for quotations and competitive bids.

CEDERBERG MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART B

Preferential Procurement Regulations, 2017

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Definitions

1. In these Regulations, unless the context indicates otherwise, any word or expression to which a meaning has been assigned in the Act must bear the meaning so assigned-

“B-BBEE” means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act;

“B-BBEE status level of contributor” means the B-BBEE status of an entity in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;

“black designated groups” has the meaning assigned to it in the codes of good practice issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;

“black people” has the meaning assigned to it in section 1 of the Broad-Based Black Economic Empowerment Act;

“Broad-Based Black Economic Empowerment Act” means the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);

“co-operative” means a co-operative registered in terms of section 7 of the Cooperatives Act, 2005 (Act No. 14 of 2005);

“designated group” means-

(a) black designated groups;

(b) black people;

(c) women;

(d) people with disabilities; or

(e) small enterprises, as defined in section 1 of the National Small Enterprise Act, 1996 (Act No. 102 of 1996);

“designated sector” means a sector, sub-sector or industry or product designated in terms of regulation 8(1)(a);

“EME” means an exempted micro enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;

“functionality” means the ability of a tenderer to provide goods or services in accordance with specifications as set out in the tender documents;

“military veteran” has the meaning assigned to it in section 1 of the Military Veterans Act, 2011 (Act No. 18 of 2011);

“National Treasury” has the meaning assigned to it in section 1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999);

“people with disabilities” has the meaning assigned to it in section 1 of the Employment Equity Act, 1998 (Act No. 55 of 1998);

“price” includes all applicable taxes less all unconditional discounts;

“proof of B-BBEE status level of contributor” means-

- (a) the B-BBEE status level certificate issued by an authorised body or person;
- (b) a sworn affidavit as prescribed by the B-BBEE Codes of Good Practice; or
- (c) any other requirement prescribed in terms of the Broad-Based Black Economic Empowerment Act;

“QSE” means a qualifying small business enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;

“Rand value” means the total estimated value of a contract in Rand, calculated at the time of the tender invitation;

“rural area” means-

- (a) a sparsely populated area in which people farm or depend on natural resources, including villages and small towns that are dispersed through the area; or
- (b) an area including a large settlement which depends on migratory labour and remittances and government social grants for survival, and may have a traditional land tenure system;

“stipulated minimum threshold” means the minimum threshold stipulated in terms of regulation 8(1)(b);

“the Act” means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);

“township” means an urban living area that any time from the late 19th century until 27 April 1994, was reserved for black people, including areas developed for historically disadvantaged individuals post 27 April 1994;

“treasury” has the meaning assigned to it in section 1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999); and

“youth” has the meaning assigned to it in section 1 of the National Youth Development Agency Act, 2008 (Act No. 54 of 2008).

Application

2. These Regulations apply to organs of state as envisaged in the definition of organ of state in section 1 of the Act.

Identification of preference point system, designated sector, pre-qualification criteria, objective criteria and subcontracting

3. An organ of state must-
 - (a) determine and stipulate in the tender documents-
 - (i) the preference point system applicable to the tender as envisaged in regulation 6 or 7; or
 - (ii) if it is unclear which preference point system will be applicable, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system;
 - (b) determine whether pre-qualification criteria are applicable to the tender as envisaged in regulation 4;
 - (c) determine whether the goods or services for which a tender is to be invited, are in a designated sector for local production and content as envisaged in regulation 8;
 - (d) determine whether compulsory subcontracting is applicable to the tender as envisaged in regulation 9; and
 - (e) determine whether objective criteria are applicable to the tender as envisaged in regulation 11.

1 The definition of “organ of state” in section 1 of the Act in paragraph (a) to (e) includes-

- a national or provincial department as defined in the Public Finance Management Act, 1999;
- a municipality as contemplated in the Constitution;
- a constitutional institution as defined in the Public Finance Management Act;
- Parliament;
- a provincial legislature.

Paragraph (f) of the definition of organ of state in section 1 of the Act includes any other institution or category of institutions included in the definition of “organ of state” in section 239 of the Constitution and recognised by the Minister by notice in the Government Gazette as an institution or category of institutions to which the Act applies. Government Notice R. 501 of 8 June 2011 recognises, with effect from 7 December 2011, all public entities listed in Schedules 2 and 3 to the Public Finance Management Act, 1999, as institutions to which the Act applies. Note should be taken of notices issued from time to time in terms of paragraph (f) of this definition. The application of these Regulations is also subject to applicable exemptions approved in terms of section 3 of the Act

Pre-qualification criteria for preferential procurement

- 4.(1) If an organ of state decides to apply pre-qualifying criteria to advance certain designated groups, that organ of state must advertise the tender with a specific tendering condition that only one or more of the following tenderers may respond-
- (a) a tenderer having a stipulated minimum B-BBEE status level of contributor;
 - (b) an EME or QSE;
 - (c) a tenderer subcontracting a minimum of 30% to-
 - (i) an EME or QSE which is at least 51% owned by black people;
 - (ii) an EME or QSE which is at least 51% owned by black people who are youth;
 - (iii) an EME or QSE which is at least 51% owned by black people who are women;
 - (iv) an EME or QSE which is at least 51% owned by black people with disabilities;
 - (v) an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;
 - (vi) a cooperative which is at least 51% owned by black people;
 - (vii) an EME or QSE which is at least 51% owned by black people who are military veterans;
 - (viii) an EME or QSE.
- (2) A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is an unacceptable tender.

Tenders to be evaluated on functionality

- 5.(1) An organ of state must state in the tender documents if the tender will be evaluated on functionality.
- (2) The evaluation criteria for measuring functionality must be objective.
- (3) The tender documents must specify-
- (a) the evaluation criteria for measuring functionality;
 - (b) the points for each criteria and, if any, each sub-criterion; and
 - (c) the minimum qualifying score for functionality.
- (4) The minimum qualifying score for functionality for a tender to be considered further-
- (a) must be determined separately for each tender; and
 - (b) may not be so-
 - (i) low that it may jeopardise the quality of the required goods or services; or
 - (ii) high that it is unreasonably restrictive.

- (5) Points scored for functionality must be rounded off to the nearest two decimal places.
- (6) A tender that fails to obtain the minimum qualifying score for functionality as indicated in the tender documents is not an acceptable tender.
- (7) Each tender that obtained the minimum qualifying score for functionality must be evaluated further in terms of price and the preference point system and any objective criteria envisaged in regulation 11.

80/20 preference point system for acquisition of goods or services for Rand value equal to or above R30 000 and up to R50 million

- 6.(1) The following formula must be used to calculate the points out of 80 for price in respect of a tender with a Rand value equal to or above R30 000 and up to a Rand value of R50 million, inclusive of all applicable taxes:

$$P_s = 80 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where

P_s = Points scored for price of bid under consideration

P_t = Price of bid under consideration; and

P_{\min} = Price of lowest acceptable bid

- (2) The following table must be used to calculate the score out of 20 for BBEE:

B-BBEE Status Level of Contributor	Number of points (80/20 system)
1	20
2	18
3	14
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

- (3) A tenderer must submit proof of its B-BBEE status level of contributor.
- (4) A tenderer failing to submit proof of B-BBEE status level of contributor or is a non-compliant contributor to B-BBEE may not be disqualified, but-
 - (a) may only score points out of 80 for price; and
 - (b) scores 0 points out of 20 for B-BBEE.
- (5) A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicate that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.
- (6) The points scored by a tenderer for B-BBEE in terms of subregulation (2) must be added to the points scored for price under subregulation (1).
- (7) The points scored must be rounded off to the nearest two decimal places.
- (8) Subject to subregulation (9) and regulation 11, the contract must be awarded to the tenderer scoring the highest points.
- (9) (a) If the price offered by a tenderer scoring the highest points is not market-related, the organ of state may not award the contract to that tenderer.
 - (b) The organs of state may-
 - (i) negotiate a market-related price with the tenderer scoring the highest points or cancel the tender;
 - (ii) if the tenderer does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the second highest points or cancel the tender;
 - (iii) if the tenderer scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the third highest points or cancel the tender.
 - (c) If a market-related price is not agreed as envisaged in paragraph (b)(iii), the organ of state must cancel the tender.

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

- 7.(1) The following formula must be used to calculate the points out of 90 for price in respect of a tender with a Rand value above R50 million, inclusive of all applicable taxes:

Where-

$$P_s = 90 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

- Ps = Points scored for price of bid under consideration
- Pt = Price of bid under consideration; and
- Pmin = Price of lowest acceptable bid

(2) The following table must be used to calculate the score out of 10 for BBEE:

B-BBEE Status Level of Contributor	Number of points (80/20 system)
1	10
2	9
3	6
4	5
5	4
6	3
7	2
8	1
Non-compliant contributor	0

- (3) A tenderer must submit proof of its B-BBEE status level of contributor.
- (4) A tenderer failing to submit proof of B-BBEE status level of contributor or is a non-compliant contributor to B-BBEE may not be disqualified, but-
- (a) may only score points out of 90 for price; and
- (b) scores 0 points out of 10 for B-BBEE.
- (5) A tenderer may not be awarded points for B-BBEE status level of contributor if the tender documents indicate that the tenderer intends subcontracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the tenderer qualifies for, unless the intended subcontractor is an EME that has the capability to execute the subcontract.
- (6) The points scored by a tenderer for B-BBEE in terms of subregulation (2) must be added to the points scored for price under subregulation (1).
- (7) The points scored must be rounded off to the nearest two decimal places.
- (8) Subject to subregulation (9) and regulation 11, the contract must be awarded to the tenderer scoring the highest points.
- (9)(a) If the price offered by a tenderer scoring the highest points is not market-related, the organ of state may not award the contract to that tenderer.

- (b) The organs of state may-
 - (i) negotiate a market-related price with the tenderer scoring the highest points or cancel the tender;
 - (ii) if the tenderer does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the second highest points or cancel the tender;
 - (iii) if the tenderer scoring the second highest points does not agree to a market-related price, negotiate a market-related price with the tenderer scoring the third highest points or cancel the tender.
- (c) If a market-related price is not agreed as envisaged in paragraph (b)(iii), the organ of state must cancel the tender.

Local production and content

8.(1) The Department of Trade and Industry may, in consultation with the National Treasury-

- (a) designate a sector, sub-sector or industry or product in accordance with national development and industrial policies for local production and content, where only locally produced services or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content, taking into account economic and other relevant factors; and
 - (b) stipulate a minimum threshold for local production and content.
- (2) An organ of state must, in the case of a designated sector, advertise the invitation to tender with a specific condition that only locally produced goods or locally manufactured goods, meeting the stipulated minimum threshold for local production and content, will be considered.
- (3) The National Treasury must inform organs of state of any designation made in terms of regulation 8(1) through a circular.
- (4)(a) If there is no designated sector, an organ of state may include, as a specific condition of the tender, that only locally produced services or goods or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered.
- (b) The threshold referred to in paragraph (a) must be in accordance with the standards determined by the Department of Trade and Industry in consultation with the National Treasury.
- (5) A tender that fails to meet the minimum stipulated threshold for local production and content is an unacceptable tender.

Subcontracting as condition of tender

- 9.(1) If feasible to subcontract for a contract above R30 million, an organ of state must apply subcontracting to advance designated groups.
- (2) If an organ of state applies subcontracting as contemplated in subregulation (1), the organ of state must advertise the tender with a specific tendering condition that the successful tenderer must subcontract a minimum of 30% of the value of the contract to-
- (a) an EME or QSE;
 - (b) an EME or QSE which is at least 51% owned by black people;
 - (c) an EME or QSE which is at least 51% owned by black people who are youth;
 - (d) an EME or QSE which is at least 51% owned by black people who are women;
 - (e) an EME or QSE which is at least 51% owned by black people with disabilities;
 - (f) an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;
 - (g) a cooperative which is at least 51% owned by black people;
 - (h) an EME or QSE which is at least 51% owned by black people who are military veterans; or
- (i) more than one of the categories referred to in paragraphs (a) to (h).
- (3) The organ of state must make available the list of all suppliers registered on a database approved by the National Treasury to provide the required goods or services in respect of the applicable designated groups mentioned in subregulation (2) from which the tenderer must select a supplier.

Criteria for breaking deadlock in scoring

- 10.(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 B-BBEE.
- (2) If functionality is part of the evaluation process and two or more tenderers score equal total points and equal preference points for B-BBEE, the contract must be awarded to the tenderer that scored the highest points for functionality.
- (3) If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.

Award of contracts to tenderers not scoring highest points

- 11.(1) A contract may be awarded to a tenderer that did not score the highest points only in accordance with section 2(1)(f) of the Act.

(2) If an organ of state intends to apply objective criteria in terms of section 2(1)(f) of the Act, the organ of state must stipulate the objective criteria in the tender documents.

Subcontracting after award of tender

- 12.(1) A person awarded a contract may only enter into a subcontracting arrangement with the approval of the organ of state.
- (2) A person awarded a contract in relation to a designated sector, may not subcontract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.
- (3) A person awarded a contract may not subcontract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level of contributor than the person concerned, unless the contract is subcontracted to an EME that has the capability and ability to execute the subcontract.

Cancellation of tender

13. (1) An organ of state may, before the award of a tender, cancel a tender invitation if-
- (a) due to changed circumstances, there is no longer a need for the goods or services specified in the invitation;
 - (b) funds are no longer available to cover the total envisaged expenditure;
 - (c) no acceptable tender is received; or
 - (d) there is a material irregularity in the tender process.
- (2) The decision to cancel a tender invitation in terms of subregulation (1) must be published in the same manner in which the original tender invitation was advertised.
- (3) An organ of state may only with the prior approval of the relevant treasury cancel a tender invitation for the second time.

Remedies

- 14.(1) Upon detecting that a tenderer submitted false information regarding its BBEE status level of contributor, local production and content, or any other matter required in terms of these Regulations which will affect or has affected the evaluation of a tender, or where a tenderer has failed to declare any subcontracting arrangements, the organ of state must-
- (a) inform the tenderer accordingly;
 - (b) give the tenderer an opportunity to make representations within 14 days as to why-

- (i) the tender submitted should 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;
 - (ii) if the successful tenderer subcontracted a portion of the tender to another person without disclosing it, the tenderer should not be penalised up to 10 percent of the value of the contract; and
 - (iii) the tenderer should not be restricted by the National Treasury from conducting any business for a period not exceeding 10 years with any organ of state; and
- (c) if it concludes, after considering the representations referred to in subregulation (1)(b), that-
- (i) such false information was submitted by the tenderer-
 - (aa) disqualify the tenderer or terminate the contract in whole or in part; and
 - (bb) if applicable, claim damages from the tenderer; or
 - (ii) the successful tenderer subcontracted a portion of the tender to another person without disclosing, penalise the tenderer up to 10 percent of the value of the contract.
- (2)(a) An organ of state must-
- (i) inform the National Treasury, in writing, of any actions taken in terms of subregulation (1);
 - (ii) provide written submissions as to whether the tenderer should be restricted from conducting business with any organ of state; and
 - (iii) submit written representations from the tenderer as to why that tenderer should not be restricted from conducting business with any organ of state.
- (b) The National Treasury may request an organ of state to submit further information pertaining to subregulation (1) within a specified period.
- (3) The National Treasury must-
- (a) after considering the representations of the tenderer and any other relevant information, decide whether to restrict the tenderer from doing business with any organ of state for a period not exceeding 10 years; and
 - (b) maintain and publish on its official website a list of restricted suppliers.

Short title and commencement

These Regulations are called the Preferential Procurement Regulations, 2017 and take effect on 1 April 2017.

CEDERBERG MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART B

ANNEXURE A

GENERAL PRINCIPLES GOVERNING THE MUNICIPALITY IN ITS INTERACTION WITH BIDDERS

In dealing with bidders bidding for municipal work, the municipality will adhere to the basic principles of:

1 Efficiency

- a) The municipal officials must administer the procurement process in the most efficient manner possible, avoiding time delays and duplication of activities.
- b) Where such delays are unavoidable, the municipal officials must inform all bidders of the nature of the delay and the revised time frames.

2 Courtesy

All staff members of the Municipality will deal with bidders in a courteous and respectful manner.

3 Transparency

- a) All bid processes will be open to the legal scrutiny of the public and interested parties.
- b) The Municipality will take all reasonable steps to ensure that the processes are clearly defined and understandable to all interested parties.

4 Access to information

The Municipality will take reasonable steps to ensure that all bidders have equal access to information on the goods or services to be bid for, as well as the bid process itself.

5 Fair distribution of work

The Municipality will take reasonable steps to make sure that the procurement of goods or services is fairly distributed amongst the service providers in the event of equality of bids. This will be done to avoid the excessive procurement of goods or services from one provider/supplier only.

6 Competition

The municipality will encourage fair competition between suppliers that provide goods and services to it.

CEDERBERG MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART B

ANNEXURE B

CRITERIA TO EVALUATE TECHNICAL AND FINANCIAL ABILITY

Regardless of the scope and value of the contracts involved, all contracts will be judged on grounds of:

1 Compliance with bid conditions:

- a) Bids submitted on time.
- b) Bid forms signed.
- c) All essential information provided

2 Meeting technical specifications and compliance with bid conditions

- a) Where requested in bid documentation, bidders must describe how they will produce the required outputs outlined in the bid documentation in terms of either goods or services.
- b) The ability to produce the required goods or services within the stated time frame may be included as criteria for compliance.

3 Infrastructure and resources available.

Bidders must indicate their capacity i.e. the extent of infrastructure under their control and resources available to enable them to execute the contract.

4 Quality/ Durability

- a) Where requested, bidders must provide evidence that they will be able to adhere to generally accepted levels of quality in the provision of the product or services under consideration.
- b) Where bidders are so requested, they must clearly explain their mechanisms for quality assurance and review.

5 Size of enterprise and current workload

- a) Bidders must give an indication of the resources available for the contract they are bidding on.
- b) Bidders must give an indication of the number and value of other contracts being undertaken by them at the date of bid, as to enable the Municipality to ascertain their ability to execute the contract.

6 Staffing profile

- a) Bidders must indicate the number of full-time employees employed by the company in Cederberg and West Coast at the time of bidding. Such information must include a breakdown in terms of race and gender at top and middle management levels.
- b) Bidders must also indicate the experience of top and middle management staff, especially where the experience of the company as a whole is limited.
- c) Bidders must indicate the number of disabled persons employed.

7 Previous experience

- a) Bidders must indicate the number of years that they have been operating their business.
- b) Bidders must provide evidence of previous experience in providing the goods or services under consideration, by providing a minimum of three contactable and relevant references.

8 Financial ability to execute the contract

- a) Bidders must indicate the revenue generated by their company in the previous financial year.
- b) Bidders must provide an indication of their financial ability to execute the contract.

**CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT
PRACTITIONERS AND OTHER ROLE PLAYERS**

The **purpose** of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner.

1. General Principles

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

2. Conflict of interest

An official or other role player involved with supply chain management –

- 2.1. must treat all providers and potential providers equitably;
- 2.2. may not use his or her position for private gain or to improperly benefit another person;
- 2.3. may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
- 2.4. 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;
- 2.5. must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by the **municipality / municipal entity** *select which is applicable* ;
- 2.6. 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;

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SUPPLY CHAIN MANAGEMENT POLICY – PART B

- 2.7. must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;
- 2.8. should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and
- 2.9. should not take improper advantage of their previous office after leaving their official position.

3. Accountability

- 3.1. Practitioners are accountable for their decisions and actions to the public.
- 3.2. Practitioners should use public property scrupulously.
- 3.3. Only accounting officers or their delegates have the authority to commit the **municipality / municipal entity** *select which is applicable* to any transaction for the procurement of goods and / or services.
- 3.4. All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system.
- 3.5. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.
- 3.6. Practitioners must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system.
- 3.7. Practitioners must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including:
 - (i) any alleged fraud, corruption, favouritism or unfair conduct;
 - (ii) any alleged contravention of the policy on inducements, rewards, gifts and favours to municipalities or municipal entities, officials or other role players; and
 - (iii) any alleged breach of this code of conduct.
- 3.8. Any declarations made must be recorded in a register which the accounting officer must keep for this purpose.
- 3.9. Any declarations made by the accounting officer must be made to the **mayor** who must ensure that such declaration is recorded in the register.

4. Openness

Practitioners should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only if it is in the public interest to do so.

5. Confidentiality

- 5.1. Any information that is the property of the **municipality** or its providers should be protected at all times. No information regarding any bid / contract / bidder / contractor may be revealed if such an action will infringe on the relevant bidder's / contractor's personal rights.
- 5.2. Matters of confidential nature in the possession of officials and other role players involved in SCM should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions also apply to officials and other role players involved in SCM after separation from service.

6. Bid Specification / Evaluation / Adjudication Committees

- 6.1. Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the **municipality** in an honest, fair, impartial, transparent, cost-effective and accountable manner.

CEDERBERG MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART B

- 6.2. Bid evaluation / adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.
- 6.3. All members of bid adjudication committees should be cleared by the accounting officer at the level of "CONFIDENTIAL" and should be required to declare their financial interest annually.
- 6.4. No person should –
 - (i) interfere with the supply chain management system of the **municipality**; or
 - (ii) amend or tamper with any price quotation / bid after its submission.

7. Combative Practices

Combative practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:

- 7.1. Suggestions to fictitious lower quotations;
- 7.2. Reference to non-existent competition;
- 7.3. Exploiting errors in price quotations / bids;
- 7.4. Soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters

CEDERBERG MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART B

ANNEXURE D

8 No. 25763	GOVERNMENT GAZETTE, 26 NOVEMBER 2003
Act No. 26,2003	NATIONAL SMALL BUSINESS AMENDMENT ACT, 2003

SCHEDULE

Column 1	Column 2	Column 3	Column 4	Column 5
Sector or sub-sector in accordance with the Standard Industrial Classification	Size of class	The total full-time equivalent of paid employees	Total turnover	Total gross asset value (fixed property excluded)
Agriculture	Medium	100	R5M	R5M
	Small	50	R3M	R3M
	Very small	10	R0.50M	R0.50M
	Micro	5	R0.20M	R0.10M
Mining and Quarrying	Medium	200	R39M	R23M
	Small	50	R10M	R6M
	Very small	20	R4M	R2M
	Micro	5	R0.20M	R0.10M
Manufacturing	Medium	200	R51M	R19M
	Small	50	R13M	R5M
	Very small	20	R5M	R2M
	Micro	5	R0.20M	R0.10M
Electricity, Gas & Water	Medium	200	R51M	R19M
	Small	50	R13M	R5M
	Very small	20	R5.10M	R1.90M
	Micro	5	R0.20M	R0.10M
Construction	Medium	200	R26M	R5M
	Small	50	R6M	R1M
	Very small	20	R3M	R0.50M
	Micro	5	R0.20M	R0.10M
Retail and Motor Trade and Repair Services	Medium	200	R39M	R6M
	Small	50	R19M	R3M
	Very small	20	R4M	R0.60M
	Micro	5	R0.20M	R0.10M
Wholesale Trade, Commercial Agents and Allied Services	Medium	200	R64M	R10M
	Small	50	R32M	R5M
	Very small	20	R6M	R0.60M
	Micro	5	R0.20M	R0.10M
Catering, Accommodation and other Trade	Medium	200	R13M	R3M
	Small	50	R6M	R1M
	Very small	20	R5.10M	R1.90M
	Micro	5	R0.20M	R0.10M
Transport, Storage and Communications	Medium	200	R26M	R6M
	Small	50	R13M	R3M
	Very small	20	R3M	R0.60M
	Micro	5	R0.20M	R0.10M
Finance and Business Services	Medium	200	R26M	R5M
	Small	50	R13M	R3M
	Very small	20	R3M	R0.50M
	Micro	5	R0.20M	R0.10M
Community, Social and Personal Services	Medium	200	R13M	R6M
	Small	50	R6M	R3M
	Very small	20	R1M	R0.60M
	Micro	5	R0.20M	R0.10M

CEDERBERG MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART B

ANNEXURE E

DELEGATION OF POWERS AND DUTIES

Approval of requests for requisitions for direct purchases and municipal store issues and certifying of payments.	<ul style="list-style-type: none"> - Municipal Manager - Directors 	Personnel to be nominated in writing by the Municipal Manager, and Directors	Subject to the under mentioned criteria, and further subject to the municipality's Supply Chain Management Policy, financial regulations and council resolutions where applicable.
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CRITERIA FOR PURPOSES	PURCHASES BETWEEN (VAT inclusive)	QUOTATIONS / TENDERS	REQUESTING OFFICIAL/ UNIT	LEVEL OF APPROVAL With due regard to proper segregation of duties
	R0 – R200	No quotations: direct purchases	TEAM LEADER	SUPERVISOR
	Between R200 – R2 000	One telephonic or written quotations *1	SUPERVISOR	MANAGER
	Between R2 000 – R30 000	Three written quotations	MANAGER	DIRECTOR
	Between R30 000 – R200 000	Formal Quotation requests	SUPPLY CHAIN MANAGEMENT	USER DIRECTOR
	Between R200 000 – R1000 000	Competitive Bidding	Municipal Manager after recommendation from the Bid Adjudication Committee	
	Over R1000 000		Municipal Manager after recommendation from the Bid Adjudication Committee	

*1.

Winner to submit quotation in writing

Approval of deviations in terms of paragraph 36 of the Supply Chain Management Policy	<ul style="list-style-type: none"> - Municipal Manager 	Personnel to be nominated in writing by the Municipal Manager, and Directors	Subject to the under mentioned criteria, and further subject to the municipality's procurement policy, financial regulations and council resolutions where applicable.
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CRITERIA for DEVIATONS

PURCHASES BETWEEN (VAT	LEVEL OF APPROVAL
R0 – R30 000	Accounting Officer
Over R30 000 – R200 000	Accounting Officer
Over R200 000	Accounting Officer

ANNEXURE F

CEDERBERG MUNICIPALITY



SUPPLY CHAIN MANAGEMENT POLICY FOR INFRASTRUCTURE PROCUREMENT AND DELIVERY MANAGEMENT

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT,
2003

Date of adoption: 30 May 2017

Date of implementation: 1 July 2017

The Council resolves in terms of section 168 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), in reference to SCM Regulation 3(2), this Policy prescribes the standards and gateways system requirements and principles which municipalities must adhere to when procuring infrastructure related services linking to CIDB and ISO standards and ethos, therefore to adopt the following proposal as the SCM Policy for Infrastructure Procurement and Delivery Management of the Cederberg Municipality.

Cederberg Municipality's SCM Policy for Infrastructure Procurement and Delivery Management

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1 Scope

This policy establishes the Cederberg Municipality's policy for infrastructure procurement and delivery management in accordance with the provisions of the regulatory frameworks for procurement and supply chain management. It includes the procurement of goods and services necessary for a new facility to be occupied and used as a functional entity but excludes:

- a) the storage of goods and equipment following their delivery to Cederberg Municipality which are stored and issued to contractors or to employees;
- b) the disposal or letting of land;
- c) the conclusion of any form of land availability agreement;
- d) the leasing or rental of moveable assets; and
- e) public private partnerships.

2 Terms, definitions and abbreviations

2.1 Terms and definitions

For the purposes of this document, the definitions and terms given in the standard and the following apply:

agent: person or organization that is not an employee of the Cederberg Municipality that acts on the Cederberg Municipality's behalf in the application of this document

authorised person: the municipal manager or chief executive or the appropriately delegated authority to award, cancel, amend, extend or transfer a contract or order

conflict of interest: any situation in which:

- a) someone in a position of trust has competing professional or personal interests which make it difficult for him to fulfil his duties impartially,
- b) an individual or organization is in a position to exploit a professional or official capacity in some way for his personal or for corporate benefit, or
- c) incompatibility or contradictory interests exist between an employee and the organization which employs that employee

contract manager: person responsible for administering a package on behalf of the employer and performing duties relating to the overall management of such contract from the implementer's point of view

family member: a person's spouse, whether in a marriage or in a customary union according to indigenous law, domestic partner in a civil union, or child, parent, brother, sister, whether such a relationship results from birth, marriage or adoption

framework agreement: an agreement between an organ of state and one or more contractors, the purpose of which is to establish the terms governing orders to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged

gate: a control point at the end of a process where a decision is required before proceeding to the next process or activity

gateway review: an independent review of the available information at a gate upon which a decision to proceed or not to the next process is based

gratification: an inducement to perform an improper act

infrastructure delivery: the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

infrastructure procurement: the procurement of goods or services including any combination thereof associated with the acquisition, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

maintenance: the combination of all technical and associated administrative actions during an item's service life to retain it in a state in which it can satisfactorily perform its required function

operation: combination of all technical, administrative and managerial actions, other than maintenance actions, that results in the item being in use

order: an instruction to provide goods, services or any combination thereof under a framework agreement

organ of state: an organ of state as defined in section 239 of the Constitution of the Republic of South Africa

procurement document: documentation used to initiate or conclude (or both) a contract or the issuing of an order

principal: a natural person who is a partner in a partnership, a sole proprietor, a director a company established in terms of the Companies Act of 2008 (Act No. 71 of 2008) or a member of a close corporation registered in terms of the Close Corporation Act, 1984, (Act No. 69 of 1984)

standard: the latest edition of the Standard for Infrastructure Procurement and Delivery Management as published by National Treasury

working day: any day of a week on which is not a Sunday, Saturday or public holiday

2.2 Abbreviations

For the purposes of this document, the following abbreviations apply

CIDB: Construction Industry Development Board

SARS: South African Revenue Services

3 General requirements

3.1 Delegations

3.1.1 The Council of Cederberg Municipality hereby delegates all powers and duties to the municipal manager which are necessary to enable the municipal manager to:

- a) discharge the supply chain management responsibilities conferred on accounting officers in terms of Chapter 8 or 10 of the Local Government Municipal Finance Management Act of 2003 and this document;
- b) maximise administrative and operational efficiency in the implementation of this document;
- c) enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this document; and
- d) comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Local Government Municipal Finance Management Act of 2003 Act.

3.1.2 No departure shall be made from the provisions of this policy without the approval of the municipal manager of Cederberg Municipality.

3.1.3 The municipal manager shall for oversight purposes:

- a) within 30 days of the end of each financial year, submit a report on the implementation of this policy, to the council of the Cederberg Municipality;
- b) whenever there are serious and material problems in the implementation of this policy, immediately submit a report to the council of Cederberg Municipality;
- c) within 10 days of the end of each quarter, submit a report on the implementation of the policy to the mayor; and
- d) make the reports public in accordance with section 21A of the Municipal Systems Act of 2000.

3.2 Implementation of the Standard for Infrastructure Procurement and Delivery Management

3.2.1 Infrastructure procurement and delivery management shall be undertaken in accordance with the all applicable legislation and the relevant requirements of the latest edition of the National Treasury Standard for Infrastructure Procurement and Delivery Management.

Any deviation to the provisions of this standard must be reported to National Treasury and the relevant treasury.

3.2.2 Pre-feasibility and feasibility reports are required as end – of – stage deliverables for stages 3 and 4, respectively , where one or more of the following applies:

- a) The major capital projects is required for:
 - 1) a major public enterprise where the total expenditure exceeds R 1.5 billion, or
 - 2) an organ of state to the Municipal Finance Management Act other than a major public enterprise where the total project capital expenditure exceeds R1.0 billion including VAT, or where the expenditure per year for a minimum of three years exceeds R 250 million per annum including VAT;
- b) the project is not:
 - 1) a building project with or without related site works; or
 - 2) a process – based , somewhat repetitive or relatively standardised project where the risk of failing to achieve time , cost and quality objectives is relatively low;

3.2.3 Stage 3 to 9 are required for where the works does not involve the provision of new infrastructure or the rehabilitation, refurbishment, alteration of existing infrastructure. Stages 5 and 6 to be omitted where there is sufficient information to proceed to stage 7 is contained in the stage 4 deliverable.

3.3 Supervision of the infrastructure delivery management unit

The Infrastructure Delivery Management Unit shall be directly supervised by the chief financial officer /- person delegated in terms of section 82 of the MFMA.

3.4 Objections and complaints

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

3.5 Resolution of disputes, objections, complaints and queries

3.5.1 The municipal manager shall appoint an independent and impartial person, not directly involved

in the infrastructure delivery management processes to assist in the resolution of disputes between the Cederberg Municipality and other persons regarding:

- a) any decisions or actions taken in the implementation of the supply chain management system;
- b) any matter arising from a contract awarded within the Cederberg Municipality's infrastructure delivery management system; or
- c) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

3.5.2 The Accountant SCM or the relevant Department shall assist the person appointed in terms of 3.5.1 to perform his or her functions effectively.

3.5.3 The person appointed in terms of 3.5.1 shall:

- a) strive to resolve promptly all disputes, objections, complaints or queries received; and
- b) submit monthly reports to the municipal manager on all disputes, objections, complaints or queries received, attended to or resolved;

3.5.4 A dispute, objection, complaint or query may be referred to the Western Cape 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.

3.5.5 If the Western Cape Provincial Treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

4 Control framework for infrastructure delivery management

4.1 Assignment of responsibilities for approving or accepting end of stage deliverables

The responsibilities for approving or accepting end of stage deliverables shall be as stated in Table 1.

4.2 Additional gates

Additional gates may be added only on approval by the municipal manager.

4.3 Additional requirements

Additional requirements may be added only on approval by the municipal manager as the need arises.

4.4 Gateway reviews

4.4.1 Gateway reviews for major capital projects above R 50 million (VAT inclusive)

4.4.1.1 Municipal Manager shall appoint a gateway review team in accordance with the provisions of clause 4.1.13.1.2 of the standard to undertake gateway reviews for major capital projects above R 50 million (VAT inclusive) for review of the stages 1 to 4 deliverables prior to acceptance of the deliverable;

4.4.1.2 The review teams shall comprise of not less than three persons who are not involved in the project associated with the works covered by the end of the stage 4 deliverable, and who are familiar with the various aspects of the subject matter of the deliverable at the end of the stage under review.

4.4.1.3 The review team shall be led by a person who has at least six years post-graduate experience in the planning of infrastructure projects and is registered either as a professional engineer in terms

of the Engineering Profession Act, a professional quantity surveyor in terms of the Quantity Surveying Profession Act or a professional architect in terms of the Architectural Profession Act. The members of the team shall, as relevant, have expertise in key technical areas, cost estimating, scheduling and implementation of similar projects.

4.4.1.4 The relevant treasury may nominate additional persons to serve on the review team.

Table 1: Responsibilities for approving or accepting end of stage deliverables in the control framework for the management of infrastructure delivery

Stage		Person assigned the responsibility for approving or accepting end of stage deliverables
No	Name	
0	Project initiation	Relevant Director accepts the initiation report:
1	Infrastructure planning	Council / Municipal Manager approves the infrastructure plan
2	Strategic resourcing	Municipal Manager and the relevant Director approves the delivery and / or procurement strategy
3	Pre-feasibility	Director Technical Services and responsible division accepts the pre-feasibility report
	Preparation and briefing	Director Technical Services and responsible division accepts the
4	Feasibility	Municipal Manager and the relevant Director accepts the feasibility report
	Concept and viability	Director Technical Services and responsible division accepts the concept report
5	Design development	Relevant Senior Manager (professional) accepts the design development report.
6	Design documentation	6A Production information Relevant Senior Manager (professional) accepts the parts of the production information which are identified when the design development report is accepted as requiring acceptance.
		6B Manufacture, fabrication and construction information The project manager accepts the manufacture, fabrication and construction information.
7	Works	The contract manager certifies completion of the works or the delivery of goods and associated services.
8	Handover	The owner or end user accepts liability for the works.
9	Package completion / Close out	The project manager or supervising agent certifies the defects certificate in accordance with the provisions of the contract. The project manager certifies final completion in accordance with the provisions of the contract. Project manager accepts the close out report.

5 Control framework for infrastructure procurement

5.1 The responsibilities for taking the key actions associated with the formation and conclusion of contracts including framework agreements above the quotation threshold shall be as stated in Table 2.

5.2 The responsibilities for taking the key actions associated with the quotation procedure and the negotiation procedure where the value of the contract is less than the threshold set for the quotation procedure shall be as follows:

- a) Procurement documentation committee shall grant approval for the issuing of the procurement documents, based on the contents of a documentation review report developed in accordance with the provisions of the standard;
- b) The tender committee may award the contract if satisfied with the recommendations contained in the evaluation report prepared in accordance with the provisions of the standard.

5.3 The responsibilities for taking the key actions associated with the issuing of an order in terms of a framework agreement shall be as stated in Table 3.

6 Infrastructure delivery management requirements

6.1 Institutional arrangements

6.1.1 Committee system for procurement

6.1.1.1 General

The committee system will be assumed to be same committees as the current supply chain management committees. Members, functions and reporting to be the same as in current/existing supply chain management committees.

6.1.1.1.1 A committee system comprising the documentation committee, evaluation committee and tender committee shall be applied to all procurement procedures where the estimated value of the procurement exceeds the financial threshold for quotations and to the putting in place of framework agreements.

6.1.1.1.2 The evaluation committee shall, where competition for the issuing of an order amongst framework contractors takes place and the value of the order exceeds the financial threshold for quotations, evaluate the quotations received.

6.1.1.1.3 The persons appointed in writing as technical advisors and subject matter experts may attend any committee meeting.

6.1.1.1.4 No person who is a political officer bearer, a public office bearer including any councillor of a municipality, a political advisor or a person appointed in terms of section 12A of the Public Service Act of 1994 or who has a conflict of interest shall be appointed to a procurement documentation, evaluation or tender committee.

6.1.1.1.5 Committee decisions shall as far as possible be based on the consensus principle i.e. the general agreement characterised by the lack of sustained opposition to substantial issues. Committees shall record their decisions in writing. Such decisions shall be kept in a secured environment for a period of not less than five years after the completion or cancellation of the contract unless otherwise determined in terms of the National Archives and Record Services Act of 1996.

6.1.1.1.6 Committees may make decisions at meetings or, subject to the committee chairperson's approval, on the basis of responses to documents circulated to committee members provided that not less than sixty percent of the members are present or respond to the request for responses. Where the committee chairperson is absent from the meeting, the members of the committee who are present shall elect a chairperson from one of them to preside at the meeting.

6.1.1.2 Procurement documentation committee

6.1.1.2.1 The municipal manager shall appoint in writing on a procurement by procurement basis:

- a) the persons to review the procurement documents and to develop a procurement documentation review report in accordance with clause 4.2.2.1 of the standard; and
- b) the members of the procurement documentation committee.

6.1.1.2.2 The procurement documentation committee shall comprise one or more persons. The chairperson shall be an employee of Cederberg Municipality with requisite skills. Other members shall, where relevant, include a representative of the end user or the department requiring infrastructure delivery.

6.1.1.2.3 No member of, or technical adviser or subject matter expert who participates in the work of the any of the procurement committees or a family member or associate of such a member, may tender for any work associated with the tender which is considered by these committees.

Table 2: Procurement activities and gates associated with the formation and conclusion of contracts above the quotation threshold

Activity		Sub-Activity (see Table 3 of the standard)		Key action	Person assigned responsibility to perform key action
1*	Establish what is to be procured	1.3 PG1	Obtain permission to start with the procurement process	Make a decision to proceed / not to proceed with the procurement based on the broad scope of work and the financial estimates.	Relevant Director
2*	Decide on procurement strategy	2.5 PG2	Obtain approval for procurement strategies that are to be adopted including specific approvals to approach a confined market or the use of the negotiation procedure	Confirm selection of strategies so that tender offers can be solicited	Accountant SCM in consultation with the MM, CFO and relevant Director
3	Solicit tender offers	3.2 PG3	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	Procurement documentation committee
		3.3 PG4	Confirm that budgets are in place	Confirm that finance is available for the procurement to take place	Relevant Director / CFO
4	Evaluate tender offers	4.2 PG5	Obtain authorisation to proceed with next phase of tender process in the qualified, proposal or competitive negotiations procedure	Review evaluation report, ratify recommendations and authorise progression to the next stage of the tender process	Evaluation committee
		4.7 PG6	Confirm recommendations contained in the tender evaluation report	Review recommendations of the evaluation committee and refer back to evaluation committee for reconsideration or make recommendation for award (below R 10 m – Tender Committee and above R 10 m the Municipal Manager)	Tender committee (below and R10 mil) Municipal Manager (above R10 mil)
5	Award contract	5.3 PG7	Award contract	Formally accept the tender offer in writing and issue the contractor with a signed copy of the contract	Tender committee / Municipal Manager
		5.5 GF1	Upload data in financial management and payment system	Verify data and upload contractor's particulars and data associated with the contract or order	SCM Officials

Table 2 (concluded)

Activity		Sub-Activity	Key action	Person assigned responsibility to perform key action	
6	Administer contracts and confirm compliance with requirements	6.4 PG8A	Obtain approval to waive penalties or low performance damages.	Approve waiver of penalties or low performance damages	Municipal Manager
		6.5 PG8B	Obtain approval to notify and refer a dispute to an adjudicator	Grant permission for the referral of a dispute to an adjudicator or for final settlement to an arbitrator or court of law	Municipal Manager
		6.6 PG8C	Obtain approval to increase the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at the award of a contract or the issuing of an order up to a specified percentage	Approve amount of time and cost overruns up to the threshold	<i>0-20% CFO or Municipal Manager with proper motivation from the relevant Director</i>
		6.7 PG8D	Obtain approval to exceed the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at award of a contract or the issuing of an order by more than 15% and up to 20%, respectively	Approve amount of time and cost overruns above a the threshold (15% up to 20%)	<i>0-20% CFO or Municipal Manager with proper motivation from the relevant Director</i>
		6.8 PG8E	Obtain approval to cancel or terminate a contract	Approve amount	Recommended by the Tender Committee for approval by Municipal Manger
		6.9 PG8F	Obtain approval to amend a contract	Approve proposed amendment to contract	Recommended by the Tender Committee for approval by Municipal Manger

Table 3: Procurement activities and gates associated with the issuing of an order above the quotation threshold in terms of a framework agreement

Activity		Key action	Person assigned responsibility to perform key action
1 FG1	Confirm justifiable reasons for selecting a framework contactor where there is more than one framework agreement covering the same scope of work	Confirm reasons submitted for not requiring competition amongst framework contractors or instruct that quotations be invited	Municipal Manager or relevant Director
3 FG2	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	Procurement documentation committee
4 FG3	Confirm that budgets are in place	Confirm that finance is available so that the order may be issued	Relevant Director in conjunction with the BTO or CFO
6 FG4	Authorise the issuing of the order	If applicable, review evaluation report and confirm or reject recommendations. Formally accept the offer in writing and issue the contractor with a signed copy of the order	Relevant Director

6.1.1.3 Evaluation committee

6.1.1.3.1 The municipal manager shall appoint on a procurement by procurement basis in writing:

- a) the persons to prepare the evaluation and, where applicable, the quality evaluations, in accordance with clauses 4.2.3.2 and 4.2.3.4 of the standard, respectively; and
- b) the members of the evaluation committee.

6.1.1.3.2 The evaluation committee shall comprise not less than three people. The chairperson shall be an employee of Cederberg Municipality with requisite skills. Other members shall include a supply chain management practitioner and, where relevant, include an official from the department requiring infrastructure delivery.

6.1.1.3.3 The evaluation committee shall review the evaluation reports prepared in accordance with sub clause 4.2.3 of the standard and as a minimum verify the following in respect of the recommended tenderer:

- a) the capability and capacity of a tenderer to perform the contract;
- b) the tenderer's tax and municipal rates and taxes compliance status;
- c) confirm that the tenderer's municipal rates and taxes and municipal service charges are not in arrears;
- d) the Compulsory Declaration has been completed; and
- e) the tenderer is not listed in the National Treasury's Register for Tender Defaulters or the List of Restricted Suppliers.

6.1.1.3.4 No tender submitted by a member of, or technical adviser or subject matter expert who participates in the work of the procurement documentation committee or a family member or associate of such a member, may be considered by the evaluation committee.

6.1.1.3.5 The chairperson of the evaluation committee shall promptly notify the municipal manager of any respondent or tenderer who is disqualified for having engaged in fraudulent or corrupt practices during the tender process.

6.1.1.4 Tender committee

6.1.1.4.1 The tender committee shall comprise the following persons or their mandated delegate:

- a) CFO who shall be the chairperson;
- b) Director Technical Services
- c) Director: Corporate Services and Administration
- d) Director: Community Services

6.1.1.4.2 No member of the evaluation committee may serve on the tender committee. A member of an evaluation committee may, however, participate in the deliberations of a tender committee as a technical advisor or a subject matter expert.

6.1.1.4.3 The tender committee shall:

- a) consider the report and recommendations of the evaluation committee and:
 - 1) verify that the procurement process which was followed complies with the provisions of this document;
 - 2) confirm that the report is complete and addresses all considerations necessary to make a recommendation;
 - 3) confirm the validity and reasonableness of reasons provided for the elimination of tenderers; and
 - 4) consider commercial risks and identify any risks that have been overlooked or fall outside of the scope of the report which warrant investigation prior to taking a final decision; and
- b) refer the report back to the evaluation committee for their reconsideration or make a recommendation to the authorised person on the award of a tender, with or without conditions, together with reasons for such recommendation.

6.1.1.4.4 The tender committee shall consider proposals regarding the cancellation, amendment, extension or transfer of contracts that have been awarded and make a recommendation to the authorised person on the course of action which should be taken.

6.1.1.4.5 The tender committee shall consider the merits of an unsolicited offer and make a recommendation to the municipal manager;

6.1.1.4.6 The tender committee shall report to the municipal manager any recommendation made to award a contract to a tenderer other than the tenderer recommended by the evaluation committee, giving reasons for making such a recommendation.

6.1.1.4.7 The tender committee shall not make a recommendation for an award of a contract or order if the recommended tenderer or framework contractor has:

- a) made a misrepresentation or submitted false documents in competing for the contract or order; or
- b) been convicted of a corrupt or fraudulent act in competing for any contract during the past five years.

6.1.1.4.8 The tender committee may on justifiable grounds and after following due process, disregard the submission of any tenderer if that tenderer or any of its directors, members or trustees or partners has abused the delivery management system or has committed fraud, corruption or any other improper conduct in relation to such system. The National Treasury and the Western Cape Provincial Treasury shall be informed where such tenderers are disregarded.

6.1.2 Actions of an authorised person relating to the award of a contract or an order

6.1.2.1 Award of a contract

6.1.2.1 The authorised person shall, if the value of the contract inclusive of VAT is within his or her delegation, consider the report(s) and recommendations of the tender committee, or in the case of the awards for contracts below the quotation threshold, the recommendation of the relevant Director, and either:

- a) award the contract after confirming that the report is complete and addresses all considerations necessary to make a recommendation and budgetary provisions are in place; or

- b) decide not to proceed or to start afresh with the process.

6.1.2.2 The authorised person shall immediately notify the municipal manager if a tender other than the recommended tender is awarded, save where the recommendation is changed to rectify an irregularity. Such person shall, within 10 working days, notify in writing the Auditor-General, the National Treasury and Western Cape Provincial Treasury, and, in the case of a municipal entity, also the parent municipality, of the reasons for deviating from such recommendation.

6.1.2.3 Issuing of an order

The authorised person shall, if the value of an order issued in terms of a framework contract, is within his or her delegation, consider the recommendation of the evaluation committee or the relevant Director as relevant, and either:

- a) authorise the issuing of an order in accordance with the provisions of clause 4.25 of the standard;
or
- b) decide not to proceed or to start afresh with the process.

6.1.3 Conduct of those engaged in infrastructure delivery

6.1.3.1 General requirements

6.1.3.1.1 All personnel and agents of Cederberg Municipality shall comply with the requirements of the CIDB Code of Conduct for all Parties engaged in Construction Procurement.

They shall:

- a) behave equitably, honestly and transparently;
- b) discharge duties and obligations timeously and with integrity;
- c) comply with all applicable legislation and associated regulations;
- d) satisfy all relevant requirements established in procurement documents;
- e) avoid conflicts of interest; and
- f) not maliciously or recklessly injure or attempt to injure the reputation of another party.

6.1.3.1.2 All personnel and agents engaged in Cederberg Municipality's infrastructure delivery management system shall:

- a) not perform any duties to unlawfully gain any form of compensation, payment or gratification from any person for themselves or a family member or an associate;
- b) perform their duties efficiently, effectively and with integrity and may not use their position for private gain or to improperly benefit another person;
- c) strive to be familiar with and abide by all statutory and other instructions applicable to their duties;
- d) furnish information in the course of their duties that is complete, true and fair and not intended to mislead;
- e) ensure that resources are administered responsibly;
- f) be fair and impartial in the performance of their functions;

- g) at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual;
- h) not abuse the power vested in them;
- i) not place themselves under any financial or other obligation to external individuals or firms that might seek to influence them in the performance of their duties;
- j) assist Cederberg Municipality in combating corruption and fraud within the infrastructure procurement and delivery management system;
- k) not disclose information obtained in connection with a project except when necessary to carry out assigned duties;
- l) not make false or misleading entries in reports or accounting systems; and
- m) keep matters of a confidential nature in their possession confidential unless legislation, the performance of duty or the provision of the law require otherwise.

6.1.3.1.2 An employee or agent may not amend or tamper with any submission, tender or contract in any manner whatsoever.

6.1.3.2 Conflicts of interest

6.1.3.2.1 The employees and agents of Cederberg Municipality who are connected in any way to procurement and delivery management activities which are subject to this policy, shall:

- a) disclose in writing to the employee of the Cederberg Municipality to whom they report, or to the person responsible for managing their contract, if they have, or a family member or associate has, any conflicts of interest; and
- b) not participate in any activities that might lead to the disclosure of Cederberg Municipality's proprietary information.

6.1.3.2.2 The employees and agents Cederberg Municipality shall declare and address any perceived or known conflict of interest, indicating the nature of such conflict to whoever is responsible for overseeing the procurement process at the start of any deliberations relating to a procurement process or as soon as they become aware of such conflict, and abstain from any decisions where such conflict exists or recuse themselves from the procurement process, as appropriate.

6.1.3.2.3 Agents who prepare a part of a procurement document may in exceptional circumstances, where it is in Cederberg Municipality's interest to do so, submit a tender for work associated with such documents provided that:

- a) Cederberg Municipality states in the tender data that such an agent is a potential tenderer;
- b) all the information which was made available to, and the advice provided by that agent which is relevant to the tender, is equally made available to all potential tenderers upon request, if not already included in the scope of work; and
- c) the procurement documentation committee is satisfied that the procurement document is objective and unbiased having regard to the role and recommendations of that agent.

6.1.3.3 Evaluation of submissions received from respondents and tenderers

6.1.3.3.1 The confidentiality of the outcome of the processes associated with the calling for expressions of interest, quotations or tenders shall be preserved. Those engaged in the evaluation process shall:

- a) not have any conflict between their duties as an employee or an agent and their private interest;

- b) may not be influenced by a gift or consideration (including acceptance of hospitality) to show favour or disfavour to any person;
- c) deal with respondents and tenderers in an equitable and even-handed manner at all times; and
- d) not use any confidential information obtained for personal gain and may not discuss with, or disclose to outsiders, prices which have been quoted or charged to Cederberg Municipality.

6.1.3.3.2 The evaluation process shall be free of conflicts of interest and any perception of bias. Any connections between the employees and agents of Cederberg Municipality and a tenderer or respondent shall be disclosed and recorded in the tender evaluation report.

6.1.3.3.3 Cederberg Municipality's personnel and their agents shall immediately withdraw from participating in any manner whatsoever in a procurement process in which they, or any close family member, partner or associate, has any private or business interest.

6.1.3.4 Non-disclosure agreements

Confidentiality agreements in the form of non-disclosure agreements shall, where appropriate, be entered into with agents and potential contractors to protect Cederberg Municipality's confidential information and interests.

6.1.3.5 Gratifications, hospitality and gifts

6.1.3.5.1 The employees and agents of Cederberg Municipality shall not, directly or indirectly, accept or agree or offer to accept any gratification from any other person including a commission, whether for the benefit of themselves or for the benefit of another person, as an inducement to improperly influence in any way a procurement process, procedure or decision.

6.1.3.5.2 The employees and agents of Cederberg Municipality as well as their family members of associates shall not receive any of the following from any tenderer, respondent or contractor or any potential contractor:

- a) money, loans, equity, personal favours, benefits or services;
- b) overseas trips; or
- c) any gifts or hospitality irrespective of value from tenderers or respondents prior to the conclusion of the processes associated with a call for an expression of interest or a tender.

6.1.3.5.3 The employees and agents of Cederberg Municipality shall not purchase any items at artificially low prices from any tenderer, respondent or contractor or any potential contractor at artificially low prices which are not available to the public.

6.1.3.5.4 All employees and agents of Cederberg Municipality may for the purpose of fostering inter-personal business relations accept the following:

- a) meals and entertainment, but excluding the cost of transport and accommodation;
- b) promotional material of small intrinsic value such as pens, paper-knives, diaries, calendars, etc;
- c) incidental business hospitality such as business lunches or dinners, which the employee is prepared to reciprocate;
- d) complimentary tickets to sports meetings and other public events, but excluding the cost of transport and accommodation, provided that such tickets are not of a recurrent nature; and

- e) gifts in kind other than those listed in a) to d) which have an intrinsic value greater than R350 unless they have declared them to the municipal manager.

6.1.3.5.5 Under no circumstances shall gifts be accepted from prospective contractors during the evaluation of calls for expressions of interest, quotations or tenders that could be perceived as undue and improper influence of such processes.

6.1.3.5.6 Employees and agents of Cederberg Municipality shall without delay report to the municipal manager or chief financial officer any incidences of a respondent, tenderer or contractor who directly or indirectly offers a gratification to them or any other person to improperly influence in any way a procurement process, procedure or decision.

6.1.3.6 Reporting of breaches

Employees and agents of Cederberg Municipality shall promptly report to the municipal manager or chief financial officer any alleged improper conduct which they may become aware of, including any alleged fraud or corruption.

6.1.4 Measures to prevent abuse of the infrastructure delivery system

The municipal manager or chief financial officer shall investigate all allegations of corruption, improper conduct or failure to comply with the requirements of this policy against an employee or an agent, a contractor or other role player and, where justified:

- a) take steps against an employee or role player and inform the National Treasury and Western Cape Provincial Treasury of those steps;
- b) report to the South African Police Service any conduct that may constitute a criminal offence;
- c) lodge complaints with the Construction Industry Development Board or any other relevant statutory council where a breach of such council's code of conduct or rules of conduct are considered to have been breached;
- d) cancel a contract if:
 - 1) it comes to light that the contractor has made a misrepresentation, submitted falsified documents or has been convicted of a corrupt or fraudulent act in competing for a particular contract or during the execution of that contract; or
 - 2) an employee or other role player committed any corrupt or fraudulent act during the tender process or during the execution of that contract.

6.1.5 Awards to persons in the service of the state

6.1.5.1 Any submissions made by a respondent or tenderer who declares in the Compulsory Declaration that a principal is one of the following shall be rejected:

- a) a member of any municipal council, any provincial legislature, or the National Assembly or the National Council of Provinces;
- b) a member of the board of directors of any municipal entity;
- c) an official of any municipality or municipal entity;

- d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- e) an executive member of the accounting authority of any national or provincial public entity; or
- f) an employee of Parliament or a provincial legislature.

6.1.5.2 The notes to the annual financial statements of the Cederberg Municipality shall disclose particulars of an award of more than R 2000 to a person who is a family member of a person identified in 6.1.5.1 or who has been in the previous 12 months. Such notes shall include the name of the person, the capacity in which such person served and the amount of the award.

6.1.6 Collusive tendering

Any submissions made by a respondent or tenderer who fails to declare in the Compulsory Declaration that the tendering entity:

- a) is not associated, linked or involved with any other tendering entity submitting tender offers; or
- b) has not engaged in any prohibited restrictive horizontal practices including consultation, communication, agreement, or arrangement with any competing or potential tendering entity regarding prices, geographical areas in which goods and services will be rendered, approaches to determining prices or pricing parameters, intentions to submit a tender or not, the content of the submission (specification, timing, conditions of contract etc.) or intention to not win a tender shall be rejected.

6.1.7 Placing of contractors under restrictions

6.1.7.1 If any tenderer which has submitted a tender offer or a contractor which has concluded a contract has, as relevant:

- a) withdrawn such tender or quotation after the advertised closing date and time for the receipt of submissions;
- b) after having been notified of the acceptance of his tender, failed or refused to commence the contract;
- c) had their contract terminated for reasons within their control without reasonable cause;
- d) offered, promised or given a bribe in relation to the obtaining or the execution of such contract;
- e) acted in a fraudulent, collusive or anti-competitive or improper manner or in bad faith towards Cederberg Municipality; or
- f) made any incorrect statement in any affidavit or declaration with regard to a preference claimed and is unable to prove to the satisfaction of Cederberg Municipality that the statement was made in good faith or reasonable steps were taken to confirm the correctness of the statements,

The relevant Director shall prepare a report on the matter and make a recommendation to the municipal manager for placing the contractor or any of its principals under restrictions from doing business with the Cederberg Municipality.

6.1.7.2 The municipal manager may, as appropriate, upon the receipt of a recommendation made in terms of 6.1.7.1 and after notifying the contractor of such intention in writing and giving written reasons for such action, suspend a contractor or any principal of that contractor from submitting a tender offer to Cederberg Municipality for a period of time.

6.1.7.3 The Accountant Supply Chain Management shall:

- a) record the names of those placed under restrictions in an internal register which shall be accessible to employees and agents of Cederberg Municipality who are engaged in procurement processes; and
- b) notify the National Treasury and Western Cape Provincial Treasury and , if relevant, the Construction Industry Development Board, of such decision and provide them with the details associated therewith.

6.1.8 Complaints

6.1.8.1 All complaints regarding the Cederberg Municipality's infrastructure delivery management system shall be addressed to the municipal manager. Such complaints shall be in writing.

6.1.8.2 The relevant Director shall investigate all complaints regarding the infrastructure procurement and delivery management system and report on actions taken to the municipal manager who will decide on what action to take.

6.2 Acquisition management

6.2.1 Unsolicited proposal

6.2.1.1 The Cederberg Municipality is not obliged to consider unsolicited offers received outside a normal procurement process but may consider such an offer only if:

- a) the goods, services or any combination thereof that is offered is a demonstrably or proven unique innovative concept;
- b) proof of ownership of design, manufacturing, intellectual property, copyright or any other proprietary right of ownership or entitlement is vested in the person who made the offer;
- c) the offer presents a value proposition which demonstrates a clear, measurable and foreseeable benefit for Cederberg Municipality;
- d) the offer is in writing and clearly sets out the proposed cost;
- e) the person who made the offer is the sole provider of the goods or service; and
- f) the municipal manager finds the reasons for not going through a normal tender processes to be sound.

6.2.1.2 The municipal manager may only accept an unsolicited offer and enter into a contract after considering the recommendations of the tender committee if:

- a) the intention to consider an unsolicited proposal has been made known in accordance with Section 21A of the Municipal Systems Act of 2000 together with the reasons why such a proposal should not be open to other competitors, an explanation of the potential benefits for the Cederberg Municipality and an invitation to the public or other potential suppliers and providers to submit their comments within 30 days after the notice;

- b) the Cederberg Municipality has obtained comments and recommendations on the offer from the National Treasury and the Western Cape Provincial Treasury;
- c) the tender committee meeting which makes recommendations to accept an unsolicited proposal was open to the public and took into account any public comments that were received and any comments and recommendations received from the National Treasury and the Western Cape Provincial Treasury; and
- d) the provisions of 6.2.1.3 are complied with.

6.2.1.3 The municipal manager shall, within 7 working days after the decision to award the unsolicited offer is taken, submit the reasons for rejecting or not following the recommendations to the National Treasury, the Western Cape Provincial Treasury and Auditor General. A contract shall in such circumstances not be entered into or signed within 30 days of such submission.

6.2.2 Tax and rates compliance

6.2.2.1 SARS tax clearance

6.2.2.1.1 No contract may be awarded or an order issued where the value of such transaction exceeds R 30 000, unless a tenderer or contractor is in possession of an original valid Tax Clearance Certificate issued by SARS provided that the tenderer is not domiciled in the Republic of South Africa and the SARS has confirmed that such a tenderer is not required to prove their tax compliance status.

If the bidders applied for a Tax Clearance Certificate after 18 April 2016, then the bidder should provide the PIN that can be shared with third parties to enable third parties to verify or confirm the tax compliance status of the bidder to whom the PIN belongs.

The onus is on the bidder to ensure that their tax status is compliant at SARS.

6.2.2.1.2 In the case of a partnership, each partner shall comply with the requirements of 6.2.2.1.1.

6.2.2.1.3 No payment shall be made to a contractor who does not satisfy the requirements of 6.2.2.1.2. An employee of Cederberg Municipality shall upon detecting that a tenderer or contractor is not tax compliant, immediately notify such person of such status.

6.2.2.1.4 Notwithstanding the requirements of 6.2.2.1.1 and 6.2.2.1.3 the following shall apply, unless a person who is not tax compliant indicates to chief financial officer that it intends challenging its tax compliance status with SARS,

- a) a contract may be awarded to a non-compliant tenderer if such a tenderer is able to remedy its tax compliance status within a period not exceeding 10 working days after being duly notified of its non-compliant status;
- b) an order may be awarded to a non-compliant contractor if such a contractor is able to remedy its tax compliance status within a period not exceeding 10 working days after being duly notified of its non-compliant status;
- c) a non-compliant contractor shall be issued with a first warning that payments in future amounts due in terms of the contract may be withheld, before the authorising of any payment due to such contractor;
- d) before authorising a further payment due to a non-compliant contractor who has failed to remedy its tax compliance status after receiving a first warning, a second and final warning shall be issued to such contractor;
- e) no payments may be released for any amounts due in terms of the contract due to a non-compliant contractor if, after a period of 30 calendar days have lapsed since the second warning was issued, the non-compliant contractor has failed to remedy its tax compliance status.

6.2.2.1.5 The Cederberg Municipality may cancel a contract with a non-compliant contractor if such a contractor fails to remedy its tax compliance status after a period of 30 calendar days have lapsed since the second warning was issued in terms of 6.2.2.1.4 e).

6.2.2.2 Municipal rates and taxes

No contract may be awarded to a tenderer who, of the principals of that tenderer, owes municipal rates and taxes or municipal service charges to any municipality or a municipal entity and are in arrears for more than 3 months.

6.2.3 Declarations of interest

Tenders and respondents making submissions in response to an invitation to submit a tender or a call for an expression of interest, respectively shall declare in the Compulsory Declaration whether or not any of the principals:

- a) are an employee of the Cederberg Municipality or in the employ of the state; or
- b) have a family member or a business relation with a person who is in the employ of the state.

6.2.4 Invitations to submit expressions of interest or tender offers

6.2.4.1 All invitations to submit tenders where the estimated value of the contract exceeds R200 000 including VAT, except where a confined tender process is followed, and expressions of interest shall be advertised on the Cederberg Municipality's website and on the National Treasury eTender Publication Portal. Advertisements shall be placed by the Supply Chain Management Unit.

6.2.4.2 Advertisements relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000 shall in addition to the requirements of 6.2.4.1 be advertised on the CIDB website. Advertisements shall be placed by the Supply Chain Management Unit.

6.2.4.3 Where deemed appropriate by Cederberg Municipality an invitation to tender and a call for an expression of interest shall be advertised in suitable local and national newspapers and the Government Tender Bulletin as directed by such person. Advertisements shall be placed by Supply Chain Management Unit.

6.2.4.4 Such advertisements shall be advertised for a period of at least 30 days before closure, except in urgent cases when the advertisement period may be shortened as determined by the municipal manager.

6.2.4.5 Invitations to submit expressions of interest or tender offers shall be issued not less than 10 working days before the closing date for tenders and at least 5 working days before any compulsory clarification meeting. Procurement documents shall be made available not less than 7 days before the closing time for submissions.

6.2.5 Publication of submissions received and the award of contracts

6.2.5.1 The Supply Chain Management Unit shall publish within 10 working days of the closure of any advertised call for an expression of interest or an invitation to tender where the estimated value of the contract exceeds R200 000 including VAT on the municipality's or municipal entity's website, the names of all tenderers that made submissions to that advertisement, and if practical or applicable, the total of the prices and the preferences claimed. Such information shall remain on the website for at least 30 days.

6.2.5.2 The Supply Chain Management Unit shall publish within 7 working days of the award of a contract the following on the Cederberg Municipality's website

- a) the contract number;
- b) contract title;
- c) brief description of the goods, services or works;

- d) the total of the prices, if practical;
- e) the names of successful tenderers and their B-BBEE status level of contribution;
- f) duration of the contract; and
- g) brand names, if applicable.

6.2.5.3 The Supply Chain Management Unit shall submit within 7 working days of the award of a contract the information required by National Treasury on the National Treasury eTender Publication Portal regarding the successful and unsuccessful tenders. Submissions shall be made by Supply Chain Management Unit.

6.2.5.4 The award of contracts relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000 shall in addition to the requirements of 6.2.5.3 be notified on the CIDB website. The notification shall be made and placed by Supply Chain Management Unit.

6.2.6 Disposal committee

6.2.6.1 The municipal manager shall appoint on a disposal by disposal basis in writing the members of the disposal committee to decide on how best to undertake disposals in accordance with the provisions of clause 10 of the standard.

6.2.6.2 The disposal panel shall comprise not less than three people. The chairperson shall be an employee of Cederberg Municipality.

6.2.6.3 The disposal committee shall make recommendations to municipal manager who shall approve the recommendations, refer the disposal strategy back to the disposal committee for their reconsideration, deciding not to proceed or to start afresh with the process.

6.3 Reporting of infrastructure delivery management information

The Accountant Supply Chain Management shall submit any reports required in terms of the standard to the National Treasury or Western Cape Provincial Treasury.

6.3.1 The Supply Chain Management Unit shall report to the relevant treasury within one month of the award of a contract or the issuing of an order, all engineering and construction, supply, service and professional service contracts that are awarded , or orders that are issued, should the total of prices including VAT exceed the following thresholds;

Value of contract or order including VAT			
Services contract	Professional services	Supply	Engineering and construction works
R 25 million	R 25 million	R 50 million	R 50 million

7 Infrastructure procurement

7.1 Usage of procurement procedures

The Cederberg Municipality shall use all applicable Supply Chain Management / procurement administrative and compliance procedures that may be applicable to infrastructure procurement and delivery management.

7.2 Procurement documents

7.2.1 The forms of contract that may be used are as follows:

Applicable contracts listed in Table 10 of Standard for Infrastructure Procurement and Delivery Management (SIPDM) may be made use of.

7.2.2 The Cederberg Municipality's preapproved templates for Part C1 (Agreements and contract data) of procurement documents shall be utilised to obviate the need for legal review prior to the awarding of a contract. All modifications to the standard templates shall be approved by relevant Director prior to being issued for tender purposes.

7.2.3 Disputes arising from the performance of a contract shall be finally settled in a South African court of law.

7.2.4 Additional requirement not stated or included in the standard templates, if any must be added; e.g. use of standard access specifications and health, safety specifications, etc.

7.2.5 The Municipal Declaration and returnable documents contained in the standard shall be included in all tenders for:

- a) consultancy services; and
- b) goods and services or any combination thereof where the total of the prices is expected to exceed R10 m including VAT.

7.3 Developmental procurement policy

If the contract qualifies for any goals that has been set in Cederberg Municipality's approved Integrated Development Plan (IDP), it must be stated upfront in the specifications for that specific contract.

7.4 Payment of contractors

The Cederberg Municipality shall settle all accounts within 30 days of invoice or statement as provided for in the contract.

7.5 Approval to utilise specific procurement procedures

7.5.1 Prior approval shall be obtained for the following procurement procedures from the following persons, unless such a procedure is already provided for in the approved procurement strategy:

- a) Municipal Manager or Evaluation Committee shall authorise the use of the negotiated procedure above the thresholds provided in the standard.
- b) Municipal Manager or Evaluation Committee shall authorise the approaching of a confined market except where a rapid response is required in the presence of, or the imminent risk of, an extreme or emergency situation arising from the conditions set out in the standard and which can be dealt with or the risks relating thereto arrested within 48 hours; and
- c) the proposal procedure using the two-envelope system, the proposal procedure using the two-stage system or the competitive negotiations procedure.

7.5.2 The municipal manager must nominate and authorise person to pursue a negotiated procedure in an emergency.

7.6 Receipt and safeguarding of submissions

7.6.1 A dedicated and clearly marked tender box shall be made available to receive all submissions made.

7.6.2 The tender box shall remain locked at all times and the keys shall be under control of the Archive Department. Such personnel shall be present when the box is opened on the stipulated closing date for submissions.

7.7 Opening of submissions

7.7.1 Submissions shall be opened by an opening panel comprising two people nominated by Chief financial officer who have declared their interest or confirmed that they have no interest in the submissions that are to be opened.

7.7.2 The opening panel shall open the tender box at the stipulated closing time and:

- a) sort through the submissions and return those submissions to the box that are not yet due to be opened including those whose closing date has been extended;
- b) return submissions unopened and suitably annotated where:
 - 1) submissions are received late, unless otherwise permitted in terms of the submission data;
 - 2) submissions were submitted by a method other than the stated method,
 - 3) submissions were withdrawn in accordance with the procedures contained in SANS 10845-3; and.
 - 4) only one tender submission is received and it is decided not to open it and to call for fresh tender submissions;
- c) record in the register submissions that were returned unopened;
- d) open submissions if received in sealed envelopes and annotated with the required particulars and read out the name of and record in the register the name of the tenderer or respondent and, if relevant, the total of prices including VAT where this is possible;
- e) record in the register the name of any submissions that is returned with the reasons for doing so;
- f) record the names of the tenderer's representatives that attend the public opening;
- g) sign the entries into the register; and
- h) stamp each returnable document in each tender submission.

7.7.3 Each member of the opening panel shall initial the front cover of the submission and all pages that are stamped in accordance with the requirements of 7.7.3 h).

7.7.4 Respondents and tenderers whose submissions are to be returned shall be afforded the opportunity to collect their submissions.

7.7.5 Submissions shall be safeguarded from the time of receipt until the conclusion of the procurement process.

7.8 Use of another organ of state's framework agreement

The Cederberg Municipality may make use of another organ of state's framework contract which has been put in place by means of a competitive tender process and there are demonstrable benefits for doing so. The municipal manager shall make the necessary application to that organ of state to do so.

7.9 Insurances

7.9.1 Contractors shall be required to take out all insurances required in terms of the contract.

7.9.2 The insurance cover in engineering and construction contracts for loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract shall in general not be less than the value stated in Table 4, unless otherwise directed by the Chief financial officer.

7.9.3 Lateral earth support insurance in addition to such insurance shall be take out on a case by case basis.

Table 4: Minimum insurance cover

Type of insurance	Value
Engineering and construction contracts - loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract	Not less than R20 million
Professional services and service contracts - death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract or damage to property	Not less than R10 million
Professional indemnity insurance	geotechnical, civil and structural engineering: R5,0 million electrical, mechanical and engineering: R3,0 million architectural: R5,0 million other R3,0 million

7.9.4 The insurance cover in professional services and service contracts for damage to property or death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract shall not be less than the value stated in Table 4 for any one event unless otherwise directed by Chief financial officer.

7.9.5 SASRIA Special Risk Insurance in respect of riot and associated risk of damage to the works, Plant and Materials shall be taken out on all engineering and construction works.

7.9.5 Professional service appointments shall as a general rule be subject to proof of current professional indemnity insurance being submitted by the contractor in an amount not less than the value stated in Table 4 in respect of each claim, without limit to the number of claims, unless otherwise directed by the Chief financial officer in relation to the nature of the service that they provide.

7.9.6 Cederberg Municipality shall take out professional indemnity insurance cover where it is deemed necessary to have such insurance at a level higher than the levels of insurance commonly carried by contractors.

7.9.7 Where payment is to be made in multiple currencies, either the contractor or Cederberg Municipality should be required to take out forward cover. Alternatively, the prices for the imported content should be fixed as soon as possible after the starting date for the contract.

7.10 Written reasons for actions taken

7.10.1 Written reasons for actions taken shall be provided by a the relevant Director

7.10.2 The written reasons for actions taken shall be as brief as possible and shall as far as is possible, and where relevant, be framed around the clauses in the:

- a) SANS 10845-3, *Construction procurement - Part 3: Standard conditions of tender*, and, giving rise to the reason why a respondent was not short listed, prequalified or admitted to a data base; or
- b) SANS 10845-4, *Construction procurement - Part 4: Standard conditions for the calling for expressions of interest*;

as to why a tenderer was not considered for the award of a contract or not awarded a contract.

7.10.3 Requests for written reasons for actions taken need to be brief and to the point and may not divulge information which is not in the public interest or any information which is considered to prejudice the legitimate commercial interests of others or might prejudice fair competition between tenderers.

7.11 Request for access to information

7.11.1 Should an application be received in terms of Promotion of Access to Information Act of 2000 (Act2 of 2000), the “requestor” should be referred to the Cederberg Municipality’s Information Manual which establishes the procedures to be followed and the criteria that have to be met for the “requester” to request access to records in the possession or under the control of Cederberg Municipality.

7.11.2 Access to technical and commercial information such as a comprehensive programme which links resources and prices to such programme should be refused as such information provides the order and timing of operations, provisions for time risk allowances and statements as to how the contractor plans to do the work which identifies principal equipment and other resources which he plans to use. Access to a bill of quantities and rates should be provided in terms of the Act.



**CEDERBERG MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY**

ANNEXURE G

**LISTING CRITERIA FOR ACCREDITED PROSPECTIVE PROVIDERS
(CENTRAL SUPPLIER DATABASE)**

All **suppliers** will be required to complete the required information on list of accredited prospective providers (Central Supplier Database) and ensure that it is complete, accurate and comprehensive. The following would be amongst the required information:

A valid email address, identity number, cell phone number

Supplier information i.e. supplier type, identification number, supplier name, trading name and country of origin

Supplier contact i.e. preferred contact person, preferred communication method, email address, cell phone number, telephone number, etc

Supplier address i.e. country, province, municipality, city, suburb, ward and postal code;

Bank account information;

Supplier tax information;

Ownership information, i.e. name and identification number of directors, members etc.;

Association to any other suppliers i.e. branch, consortium member etc.;

Commodities the supplier can supply; and

B-BBEE information.



**CEDERBERG MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY**

ANNEXURE H

DESIGNATED SECTORS – LOCAL CONTENT

The Minister of Trade and Industry has designated the following sectors/sub – sectors / industries to which the minimum thresholds for local content:

Sector/Sub-sector/Industries	Minimum threshold for local content
Buses (Bus body)	80%
Textiles, clothing, leather and footwear	100%
Steel Power Pylons	100% - Effective 27 July 2016
Monopole Pylons	100%
Steel Substation Structures	100%
Powerline Hardware	100%
Street Lighting Steel Poles	100%
Steel Lattice Towers and Masts	100%
Canned/processed vegetables	80%
Rail Rolling Stock	- Effective 27 July 2016
Diesel Locomotives	55 %
Electric Locomotives	60 %
Electric Multiple Units (EMU)	65 %
Wagons	80%
Set Top Boxes (STB)	30%
Furniture Products	- Effective 27 July 2016
Office Furniture	85%
School Furniture	100%
Base and Mattress	90%
Solar Water Heater Components	- Effective 27 July 2016
Storage tanks/geysers	70 %
Solar collectors	70 %
Electrical cable products	- Effective 27 July 2016
Power cables	90 %
Telecom Cables	90 %
Valve Products and Actuators	70% - Effective 12 July 2016
Pharmaceutical Products	50% to 70%
Prepaid and Post Paid Electricity Meters	70%
SMART Meters	50%
Working Vessels (Boats)	- Effective 27 July 2016
Propellers	30%
Search and rescue transponder (SART)	100%
Navigational instruments	20%

Pumps	30%
Electronic control	10%
Electrival 220 – 440 v	30%
Air compressors	30%
Galley equipment	55%
Cabin outfitting	30%
Specialist and towing equipment	35%
Two – way radio terminals and associated equipment	- Effective 1 January 2018
Portable radio	60 % (total minimum)
Mobile radio	60 % (total minimum)
Repeater	60 % (total minimum)
Solar photovoltaic system and components	- Effective 15 July 2016
Laminated PV Modules	15 % (minimum)
Module Frame	65 % (minimum)
DC Combiner Boxes	65 % (minimum)
Mounting Structure	90 % (minimum)
Inverter 40 % (minimum)	
Large bore spiral submerged arc welded steel conveyance pipes: 500mm to 3 500mm	- Effective 27 July 2016
Bare	100%
Galvanized	100%
Lined and coated	80%
Galvanized, lined and coated	80%
Rial signalling system and associated components	- Effective 27 July 2016
Centralised Traffic Control (CTC) Equipment	40%
Cabinets (Apparatus cases)	100%
LED Light Signal	95%
Level Crossing Components	90%
Auxiliary Power Supplies	90%
Point Machines	90%
Cables & Wire	90%
Axle Counter	75%
Track Circuits	90%
Electronic Interlocking	50%
Relay Interlocking	90%
Assembly and testing of fully-built units	100% - 65%(total minimum)
Transformers , shunt reactors and associated equipment	- Effective 25 August 2016
Class 0	90%
Class 1	70%
Class 2	70%
Class 3	45%
Class 4	10%
Components and manufacturing – Class 0	100%
Components and manufacturing – Class 1	100%
Components and manufacturing – Class 2	100%