19. FINANCIAL SERVICES DEPARTMENT
(SUPPLY CHAIN MANAGEMENT)
AMENDMENTS TO THE SUPPLY CHAIN POLICY
(From the Portfolio Committee: 21 January 2010, the Mayoral Committees:
17 February 2010, 19 May 2010, 2 June 2010, 8 September 2010 and Council:
30 September 2010 and the Special Mayoral Committee: 8 February 2011)

1. PURPOSE

The purpose of the report is to advise the Budget and Policy Monitoring Committee and Council of the amendments to the approved Supply Chain Policy (Approved on the 27 September 2007).

2. STRATEGIC OBJECTIVE

"To ensure good governance, financial viability and optimal institutional transformation with capacity to execute its mandate"

"To Accelerate Higher and Shared Economic Growth and Development"

3. BACKGROUND

In terms of Section 111 of the Municipal Finance Management Act, No 56 of 2003, each Municipality must have and implement a Supply Chain Management Policy and the Policy should be reviewed annually to ensure that it complies to new legislative requirements.

As such the Supply Chain Policy was adopted and approved by Council on 27 September 2007. Section 47 of the approved Supply Chain Management Policy clearly state the fact the policy must be reviewed annually to ensure it is aligned with the new Legislative Requirements.

4. DISCUSSION

In reviewing this policy the Supply Chain management Division, conducted a workshop with all the Departments, to solicit inputs on challenges faced during the Implementation of the 2007 approved policy. One of the critical challenges was on deviations, Sec 17 of the approved (2007) policy allowed for deviations from the official procurement processes of the Council only (1) when there is an Emergency, (2) Sole Supplier or (3) when it is impractical to follow the approved procurement processes. Too many deviation reports were processed and approved by the Accounting, and some of the reasons given (by Departments) were that it was impractical to follow the approved processes and SCM view is that this was due to poor planning by Departments. As such the section that deals with deviation has been strengthened to limit Departments from exploiting the deviation processes. The Demand Management Unit is starting to be operational as well to assist the Departments to be on time.
The 2007 SCM was also silent on what it meant by rotation of suppliers and this resulted in different interpretation by the Buying Unit and as such on the Amended Policy we have included a Section that deals with the rotation Of Suppliers.

- During the 2007/08 & 2008/09 Financial Years CoT`s SCM Unit achieved the set targets of 60% on empowerment of HDI’s, 15% on Empowerment of Women Owned Enterprises and 5% on Empowerment Of companies owned by locals, however the Municipality is still faced with a serious challenge of transforming and also of implementing the National Government’s Transformation agenda of giving opportunities to companies owned by Youth and People with Disability.

- However the Preferential Framework Act still put too much emphasis on Price (90/10 or 80/20 Evaluation Principles)

- Codes Of Good Practise (BBBEE) are not yet applied by any Municipality or Government Institution, on the 18th April 2007 National Treasury Issued a circular (Ref 3/4/3/2/10) on the status quo for application of BBBEE, advising all Government Institutions to continue using PPFA ( Preferential Procurement Framework Act), as DTI & National Treasury are still busy refining and simplifying the Codes Of Good Practise and the Preferential Framework Act (See the Attached National Treasury Circular)

Supply Chain held a meeting with National Treasury and one of the main reason was to bring to their attention the fact that the Preferential Procurement Policy is not assisting us in terms of implementing the National Government’s Transformation agenda of giving Historically disadvantaged owned SMME’s and Community Co Operatives a chance to fully participate in the economic activities of our Municipality.

A workshop organized by Supply Chain Management Division was also conducted to consolidate inputs from various Departments within the City on the Consolidation of Preferential Framework Act to the Codes Of Good Practise and comments were forwarded to National Treasury and they have acknowledged having received CoT’s comments on PPFA and Codes Of Good Practise.

Lack of shared understanding with regard to the application of the legal framework by both Suppliers and City Of Tshwane officials has also led to undesirable outcomes.

We have amended our tender documents accordingly to indicate or specify that price only will not be used as a determining factor when awarding contracts.

We have also specified on some of our tender documents the fact that Preference will be given to HDI owned enterprises.

Supply Chain has arranged training on guidelines for the functioning of the Committee System.

SCM Unit is also sending all buyers to MFMA training offered by HR Division

We have also included turnaround times to measure how long the buying unit takes to Procure Goods or Services (Procure to Pay Processes) on behalf of Departments and to ensure that we are in line with the best standards set by other Municipalities.
6. KEY AMMENDMENTS TO THE POLICY

CLAUSE 3.

LEGAL ENVIRONMENT

- PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT, 2000 (ACT No 5 of 2000)
- CONSTRUCTION INDUSTRY DEVELOPMENT BOARD ACT, 2000 (ACT No 38 OF 2000)
- NATIONAL TREASURY MODEL SUPPLY CHAIN POLICY
- CoT APPROVED POLICY FRAMEWORK FOR THE ALIENATION AND EXPROPRIATION OF IMMOVABLE PROPERTY
- NEW MUNICIPAL SERVICE DELIVERY AND PUBLIC PRIVATE PARTNERSHIP GUIDELINES OF 2007,
- NATIONAL TREASURY (MANUAL) PRACTISE No 1 OF 2004, STANDARDISED PUBLIC PRIVATE PARTNERSHIP AND ALL ITS MODULES

CLAUSE 8.3.1

GOODS AND SERVICES BELOW R30 000.00

It is proposed that for this range of procurement the spend should be aligned to City Of Tshwane and Gauteng Provincial government BEE targets. Prior to creation of Purchase Order the Manager Acquisition should ensure that the Tax Matters of the recommended Bidder are in Order and also the Municipal Account of the Directors of the Bidders are not in arrears for a period exceeding 3 Months.

CLAUSE 4. PILLARS OF SUPPLY CHAIN MANAGEMENT

4.1 Fair and equitable

To be fair, all possible suppliers must have an equal opportunity to bid for the requirements of the city. For this reason, all competitive bids must be advertised by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or municipal entity or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin). All bids received on time must be considered and no bidder may receive preferential treatment or be prejudiced against other bidders. No Specification / evaluation / Adjudication information will be given to third parties except in cases where legal action has already been taken and all documentation must be furnished for scrutiny.

CLAUSE 4.2 Transparent

By advertising all competitive bids prospective suppliers are informed of the requirements of the city. Bids received on time are opened in public, and the names and the prices of the bidders are read out.
CLAUSE 7. SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES

Statutory Powers and Duties of the Accounting Officer

(a) That on recommendation from the bid adjudication committee(s), the accounting officer makes final awards on procurement of a transaction value above R10 000 000.00.

(c) That the Bid Adjudication Committee(s) chaired by the official appointed by the accounting officer, makes final awards on procurement of a transaction value Above R200 000.00 - R 10 000 000.00.

CLAUSE 8.1 DEMAND MANAGEMENT

SYSTEM OF DEMAND MANAGEMENT

(4) Effective partnership between supply chain management practitioners, vendors and end-users must be maintained

CLAUSE 8.2 ACQUISITION MANAGEMENT

SYSTEM OF ACQUISITION MANAGEMENT

(f) Unless the Municipality otherwise directs:

(i) Bids can only be accepted from vendors registered in South Africa in South African rand.

(ii) The laws of South Africa should govern contracts arising from the acceptance of bids.
### Clause 8.3

**Range of Procurement Processes**

The procurement of goods and services will be procured through the following:

<table>
<thead>
<tr>
<th>Value of purchase VAT inclusive</th>
<th>Procurement method</th>
<th>Delegated authority</th>
<th>Oversight role</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – R2000</td>
<td>Petty cash</td>
<td>Heads Of Departments</td>
<td>CFO</td>
</tr>
<tr>
<td>R2001 up to R10 000</td>
<td>Quotations</td>
<td>Deputy Director Acquisition in Consultation with the relevant Department</td>
<td>Director Acquisitions</td>
</tr>
<tr>
<td>R10 001 up to R30 000</td>
<td>1 formal written and 2 other price quotations in accordance with the Council approved procurement framework</td>
<td>Director Acquisition in consultation with the relevant Department</td>
<td>Executive Director SCM</td>
</tr>
<tr>
<td>R30 001 up to R200 000</td>
<td>3 (three) formal written price quotations and; (i) complying with the MFMA; (ii) sealed and placed in box (iii) advertise for 7 (seven) days on notice boards and website of Municipality. (iv) Allocate in accordance with the points system</td>
<td>SED's in consultation with Director Acquisitions &amp; ED SCM</td>
<td>Executive Director SCM &amp; CFO</td>
</tr>
<tr>
<td>Tenders from Above R 200 000 up to R 10 million and long term contracts</td>
<td>A competitive bidding process: (i) advertised for at least 14 (fourteen) days on notice boards and website of City Of Tshwane Municipality (ii) advertised for at least 14 (fourteen) days in newspapers commonly circulating locally but not limited</td>
<td>Bid Adjudication Committee</td>
<td>City Manager</td>
</tr>
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<td>thereto (iii) allocate in accordance with the points system</td>
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<th>Tenders above R 10 million</th>
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<tr>
<td>A competitive bidding process: (i) advertised for at least 30 (thirty) days on notice boards and website of Council; and (ii) advertised for at least 30 (thirty) days in newspapers commonly circulating locally but not limited thereto (For Tenders above R 10 million) (iii) allocate in accordance with the Preferential points system</td>
</tr>
<tr>
<td>Accounting officer on recommendation from Adjudication Committee above R 10 million</td>
</tr>
<tr>
<td>City Manager</td>
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</table>

Clause 8.6

**ROTATION OF SUPPLIER**

Rotation Of Suppliers is a Legislative Safeguard to ensure equitable distribution of access to City Of Tshwane’s Procurement Processes.

City Of Tshwane has more than 15 000 Service Providers on its Data Base Rotation means that each Service Provider must have an equal opportunity of being requested to Submit a Formal written Quotation.

Rotation means that each Listed Service Provider on Supplier Data Base must be treated equally and afforded equal opportunity in relation to other Service Providers. This also means that the selection of service Providers through written or formal written Quotations must be on rotational basis precisely to ensure that there is no Favouritism and / irregularity in the selection process.
The Buying Unit should also ensure that when requesting written Quotations there is no selection of a limited group of listed prospective service provider. As this will constitute unfair treatment of listed service providers in relation to each other. Failure to comply to this requirement will result in the Accounting Officer or Delegated Official taking appropriate disciplinary Actions against offenders.

The Processes for the Rotation Of Suppliers by the Buyers will be as follows:

Whenever the buyer receives requisitions to go out on quotations from Departments, the buyer will solicit quotations from 3 different Service Providers (in the relevant Commodity) who were not given a chance to quote before. The rotation of service providers will also be subject to Clause 8.3.1 which deals with preferential Procurement for amounts below R30 000.

CLAUSE 9.2

BID DOCUMENTATION FOR COMPETITIVE BIDS

(l) That the Municipality reserves the right to award the contract Partly or as whole
(m) That Price only will not necessarily be used as a determining factor but the Price must be Market related and represent Value for Money
(n) In Cases of Construction related Tender where CIDB certificate is required, CIDB Certificate or Surety will superseded Bank Rating
(o) For Labour Intensive Projects City Of Tshwane will give preference to companies that employ people who are registered on the City’s Indigent Register
(p) On large Turnkey Projects, it will be required of established companies to make use of SMME` on City Of Tshwane’s SMME Development Construction Data Base

CLAUSE 9.3 PUBLIC INVITATION FOR COMPETITIVE BIDS

(1) The procedure for the invitation of competitive bids is as follows:

The Bid Specification Committee may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

Bids submitted must be sealed and be placed in the relevant box by the relevant vendor.
CLAUSE 9.4  PROCEDURE FOR HANDLING, OPENING AND RECORDING OF BIDS

(1) Procedure for the handling, opening and recording of bids, are as follows:

(a) Bids –

must be placed in the dedicated box, by the vendor, before the closing time

CLAUSE 9.9.  FUNCTIONS AND PURPOSE OF COMMITTEES

Following are functions and purposes of the different committees

(1) Bid Specification Committees

A Bid Specification Committee must, on recommendation from a SED, finally approve the specifications for the procurement of goods or services by the municipality:

CLAUSE 10.6  SUB-DELEGATIONS (ADJUDICATION ON POINT BASIS)

The CoT Municipality Council award points for Historically Disadvantaged Individuals as defined in the PPPF Act and BBBEE Act which means a South African citizen:-

1) who, due to the apartheid policy that had been in place, had no franchise in national elections prior to the introductions of the Constitution of the Republic of South Africa, 1983 (Act no 110 of 1983) or the Constitution of the Republic of South Africa, 1983 (Act no 110 of 1983) or the Constitution of the Republic of South Africa (Act no 200 of 1993) ("the Interim Constitution") and /or;

2) Who is female; and / or ;

3) Who has a disability.

4) Youth

Contracts below R500 000.00 (80/20 points system)

80 Points for Price

16 Points for persons who did not have Franchise in National Elections before 1983 and 1993
0.5 Point for Small and Micro Enterprises
0.5 Points for Women
1 Points for Youth
1 Point For Disabled persons
1 Point for Local Enterprises (Tshwane based not a satellite office)
We cannot guarantee business to a company that score less than 5 HDI points even if they are the cheapest in terms of Price.

2. **Contracts above R500 000 (90/10 point system)**

   90 Points for Price
   
   8 Points for Persons who did not have Franchise in National Elections before 1983 and 1993
   
   0.50 Points for women
   
   0.50 Point for Disabled persons
   
   1 Point for Local Enterprises (Tshwane based not a satellite office)

We cannot guarantee business to a company that score less than 6 HDI points even if they are the cheapest in terms of Price.

**CLAUSE 10.10  Non-award of HDI points**

(a) Note that no HDI equity points will be allowed for equity ownership, claimed by the tenderer, if the allocation and proof of the points is not as defined in the PPPFA and the relevant regulations. All claims must be substantiated by the full and correct documentary proof. In cases where Service Provider is not registered with City Of Tshwane Vendor Registration Section. All documentation should be submitted with the proposal. If not the City Of Tshwane may request service providers to submit the additional Info within 7days.

**CLAUSE 17.1**

The reason that it was impractical to follow the approved processes must be investigated by Supply Chain Management prior to approval of a deviation so that it is not confused with Poor Planning as this cannot justify deviating from approved processes.

**PROCEDURES FOR ALL DEVIATIONS**

1. **An Emergency** is defined as unexpected and sudden event that must be dealt with urgently and where there is an immediate threat to life and limb.

2. In cases where it is impractical or impossible to follow Official Procurement Process it must be shown where and how the Market was tested, why it is impractical to go to Quotation or Tender, the Provider chosen was undertaken in a fair manner so as not to prejudice other potential providers.
3. With regards to Deviations for goods or Services above the R200 000 Threshold reports that are submitted in accordance with Section 36 of the SCM Regulations must be directed to the Committee system, thereafter the report will be submitted to the Accounting Officer for approval. Specification for all Deviations should be approved by the Bid Specification Committee.

4. Prior to obtaining any Quotation from the Market a Deviation report is to be submitted to Legal Services and SCM Unit for Comments and the Delegated Officials from two Units prior to capturing their comments must check the following:
   (a) Is the Motivation Valid
   (b) Is there sufficient reasons for not following the Competitive Bidding Process
   (c) Is there adequate Finance
   (d) Is the process Fair, Equitable, transparent, and Cost Effective
   (e) Upon Approval of the Deviation by the Delegated Official or Accounting Officer SCM Unit to Solicit Quotations on the Market and Evaluate proposals based on the Preferential Framework Act, all necessary documentation should be attached on the final Deviation Report (Valid Tax Clearance, Proof that Municipal Accounts of the Directors of the Company are in order. After Evaluation Of Proposals the Delegated Official (Preferably form within SCM Unit) will grant approval.
   (f) Departments are prohibited from contacting any service provider until approval is granted by the Delegated Official or Accounting Officer.

CLAUSE 20 g

ANNUAL STOCK TAKING PROCEDURES

(i) The last month of the financial year all stores of Logistics Management closes for year-end inventory counts. Stores are scheduled to be counted on specific dates during the last month. All stores counted in a specific period are blocked from any transaction (issues and receipts) during the counting period.

(ii) After the computer system has been updated, a physical Inventory document is printed from the computer system per store. This document contains stock number, bin location, storage location and complete description and a column for the count.

(iii) The person conducting the inventory counts all items and makes appropriate notations on the inventory sheet. At the conclusion of each storage location per store the person dates and signs the inventory sheet.

(iv) The physical counted figures as per (iii) are captured on the computer system. The computer system generates a "difference report" that indicates all discrepancies between physical count an actual inventory as indicated on the system. All discrepancies are double checked and investigated. The Director Logistics Management will make appropriate adjustments to correct inventory records to actual count. The Chief Financial Officer will approve the report regarding all adjustments made.
(v) All printouts, original documents, work papers, adjustments and corrected inventory printouts are placed on file in the Stock Control Section.

(vi) An Emergency procedure exists to issue inventory during the stock take period.

CLAUSE 23. SUPPLY CHAIN PERFORMANCE MEASUREMENT

Record Keeping

Apart from records, City of Tshwane should also maintain a proper filling system per requisition and Purchase Order and within the SAP electronic financial management system.

CLAUSE 43

SETTING OF TARGETS

The following targets were set by Gauteng Province and the Municipality will align itself to achieve by 2008 / 2009 financial year:

- 80% for black persons as defined in BBBEE Act (Only to persons who did not have a Franchise in the National Elections before 1983 and 1993)
- 5% for small and micro enterprises
- 5% for women
- 5% for youth (Age below 35 Yrs)
- 2.5% for disabled owned enterprises.
- 2.5% for locality

CLAUSE 44

In the Acquisition Unit, members of the team of buyers, Chief Buyers, Deputy Directors or Directors may be rotated to similar positions in other teams / sub-units within the Acquisition Unit (the Division) by the Executive Director SCM in consultation with the Chief Financial Officer.

5. COMMENTS OF THE STAKEHOLDER DEPARTMENTS

5.1 COMMENTS OF THE STRATEGIC EXECUTIVE DIRECTOR: CORPORATE AND SHARED SERVICES

5.1.1 LEGAL SERVICES

The request for comments from the ED: Supply Chain in respect of report 1 and from the ED: Corporate Auxiliary and Administrative Services in respect of report 2 refers.
Please be advised that in accordance with the outcome of various discussions held between officials from Legal Services, Compliance Section, Corporate and Shared Services, Supply Chain Unit, as well as the Chairperson: Bid Adjudication Committee it is as a departure suggested that a single report in respect of the amendment of the CoT Supply Chain Management Policy be submitted for consideration. Reports 1 and 2 referred to above must therefore be consolidated.

In so far as it concerns specific comments on the various reports the following:

Report 1 and 2
(Note: These remarks hereunder in Section A deals with issues which is deemed essential in order to submit a policy which is legally in order. Points (i) – (ii) pertains to report 1 and point (iii) to report 2. Section B covers general remarks which will not affect the legality of the policy document; but rather aid the procurement strategy/procedures/systems of the CoT within the existing legal framework.

Section A

(i) Clause 10.6 "Sub-Delegations (Adjudication on Point Basis)"

The statement that “companies that obtain less than 5 points out of 20 points their HDI points will be reduced to Zero”, must be deleted. Any reduction in points secured in terms of the Preferential Procurement Policy Framework Act 5 of 2000 will be a contravention of this legislation. As recently, indicated by National Treasury preference must be dealt with i.t.o. the PPPFA until such time as new legislation is enacted.

Response from Finance / SCM Unit: Clause 10.6 has been Amended Accordingly

The aforesaid statement similarly applies to the proposed reduction in the 90/10 point system.

Response from Finance / SCM Unit: Clause 10.6 has been Amended Accordingly

(ii) Clause 25 “Prohibition on awards to persons in the service of the state”.

In terms of existing procurement/supply chain legislation no contract may be awarded to a person in the service of the state. Any restrictions on the award of a government tender to persons whom have left the employment of the state will be a contravention of the Bill of Rights (Freedom of trade, occupation and profession). Existing legislation does not bar former state employees from participating in government tender but require that contracts so awarded (within 12 months from date of end of service) be noted in the financial statements.

Response from Finance / SCM Unit: Legal Services should note that currently there is a Trend where by Officials resign from CoT and within no time they form their own Companies, because of previous connections within a short space of time they manage to get Lucrative Contracts from the City.
Also National Treasury is busy drafting a piece of Legislation to this effect, proposing a cooling off period (i.e. accessing government Tenders) by former Government Employees. So in as far as Legal Services is concerned as CoT we cannot be proactive we must always be told what to do by National Treasury. However due to the fact that Legal will never defend the inclusion of this Clause by the Institution if we happened to be challenged, and therefore Clause 10.6 has been Amended Accordingly.

(iii) In terms of the MFMA the City Manager is the Accounting Officer and as such is empowered to delegate supply chain powers to committees/officials. The report in respect of the transfer of assets was intended to be submitted to political structures and constrains proposed delegated powers in contain of existing practices. The issue of delegated powers or rather assigning such powers must be dealt with in a separate report to the City Manager.

**Response from Finance / SCM Unit:** The report from Corporate Services has been Amended accordingly

**SECTION B**

1. References to delegations by the City Manager to committees/officials to execute powers/functions in terms of the MFMA should be deleted from both reports. The reason for this is that any amendments of the delegated powers by the City Manager will necessitate the amendment of the policy and may prove problematic from an operational perspective.

**Response from Finance / SCM Unit:** The Amended Policy like the previous one only focuses on the Systems for Competitive Bids, and when delegating SCM powers to the Committee System the City Manager is guided and informed by both the approved SCM policy and MFMA. Also the Standard Operating Procedures for the Committee System should be addressed by the SCM, the reason being that when members exercise their duties and powers they are guided by the approved policy.

2. Only one Bid Committee system must be implemented for both acquisitions and disposals. The Policy on the Asset Transfer Regulations suggests, as an example, that a separate committee be appointed for certain high profile disposals. This principle cannot be supported since it will lead to a decentralisation in supply chain management powers and functions and as such will impact on the co-ordinated control and uniformity within the supply chain function.

**Response from Finance / SCM Unit:** Corporate Services report amended accordingly

3. It should also be noted that any unsolicited bid regarding disposals should be in line with a predetermined policy setting out the criteria to be used in considering such unsolicited bids.

**Response from Finance / SCM Unit:** Corporate Services report amended accordingly
4. The policy should be amended to address all aspects and functions in the Supply Chain Management function. At this stage the main emphasis is on Acquisition Management and not necessarily on the total process to ensure that service delivery is enhanced.

**Response from Finance / SCM Unit:** The Amended Policy does address all aspects and functions of SCM such as Demand Management, Acquisition Management, Logistics Management, Disposal Management and Performance Management.

5. The total system inclusive of: Demand Management; Acquisition Management; Logistic Management; Disposal Management; Risk Management and Performance Management should be addressed.

**Response from Finance / SCM Unit:** The Total SCM System has been addressed by this Policy.

6. Procedures and mechanisms must be put in place in order to ensure that goods / services are delivered on time, at the right price, right place and time and sufficient quantity and quality. In this regard, the following examples can be provided:

**Response from Finance / SCM Unit:** Demand Management System and Contract Management address these issues.

- How tenders should be managed / controlled to ensure the continuous provision of goods / services – no interruption in the supply process should be entertained.

**Response from Finance / SCM Unit:** The attached turnaround time frames focuses on this issue

- Details on pro-active specification drafting immediately after budget approval

**Response from Finance / SCM Unit:** Demand Management and Contract Management address this issue.

- All the strategic principles regarding the drafting of tender specifications must be included. This includes the following:
  
  - Limiting the mandatory submission of documents to be submitted with the tender to a absolute minimum;
  - The way the CoT will deal with all tenders which will impact on budgets over more than one financial year. The policy must address how the CoT must deal with this matter.
  - The details and under which instances a tender will be broken down into smaller parts to appoint more contractors for the execution of projects. An example will be the Mamelodi Hostel Project and the Soshanguve Giant Stadium project.
  - Over the past few years, numerous principles have been applied in the drafting of tender specifications. These principles should be listed and a policy directive should be developed for each of these principles and must be incorporated in the Supply Chain Management Policy.

**Response from Finance / SCM Unit:** Principles regarding the Drafting of Tender Specification is addressed by Clause 9.9 (1) of this Amended policy
- With specific regard to the policy, the following should be noted:
  
  o In instances where words or phrases are defined in legislation (example construction work; In the service of the state) it must be deleted from the policy.
  
  o In terms of Section 217 of the Constitution five pillars of procurement are identified. It is unclear where the other pillars mentioned in Section 4.1 of the proposed policy originated from.

- Paragraph 8.2 (1)(f)(i) should be deleted;

**Response from Finance / SCM Unit:** We cannot delete this paragraph as it constitute a Legislative Requirement from National Treasury

- Paragraph 8.3 should be deleted as it is addressed in the delegations;

**Response from Finance / SCM Unit:** We cannot delete this paragraph either, as the approved Procurement System should be clearly articulated on the SCM Policy as well.

- Paragraph 8.3.1 up to 8.7 is a hybrid between policy statements, delegations, procedures and processes and legislation. This should be amended to only refer to policy statements;

**Response from Finance / SCM Unit:** We cannot delete this paragraph either, as the approved Procurement System should be clearly articulated on the SCM Policy as well.

- The composition (appointment) of the Bid Committee as contained in paragraph 9.8 must be deleted as the composition is addressed in the delegations;

**Response from Finance / SCM Unit:** The composition of the Committees is guided by the MFMA and its regulations, and as such the Accounting Officer should be guided by these policies when appointing individuals.

- The principle should be adopted that if no documentary proof is attached to the tender document, the CoT may request the tenderer to provide such evidence in order to obtain the Hdi Points (see Clause 10(10));

**Response from Finance / SCM Unit:** We have included this line on our policy

- Paragraph 17(4) and (5) are delegations and should be deleted;

**Response from Finance / SCM Unit:** Paragraphs deleted accordingly

- Clause 17.1 relates to standing operating procedures and should not form part of a policy;

**Response from Finance / SCM Unit:** We cannot delete this paragraph either, the policy also addresses procedures for the opening of competitive bids so there is nothing wrong if we include Deviations Procedures.
- Clause 33 relates to Demand Management and should be incorporated in that section;

**Response from Finance / SCM Unit:** Amendments effected accordingly

- Clause 34(6) should be removed and be incorporated in Demand Management;

**Response from Finance / SCM Unit:** Amendments effected accordingly

- Clauses 38 to 40 pertains to Performance Management and should be incorporated as such;

**Response from Finance / SCM Unit:** Section 38 to 40 focuses on performance Management and therefore not the responsibilities of Demand Management Unit

- The set asides as mentioned in Clause 43 should be deleted as it is not in accordance with the PPPFA.

**Response from Finance / SCM Unit:** Clause 43 is not set asides but provincial BEE targets

The following additional issues should be addressed in the policy:

- Tenders for leases beyond the 3 year period should be addressed

**Response from Finance / SCM Unit:** For all Leases beyond 3 Years we should forward an application to National Treasury

- The details of the Contractor Development Programme should be included in the policy

**Response from Finance / SCM Unit:** Clause 42 & 43 focuses on the Contractor Development Programme.

- The objective criteria to be used in disqualifications should be defined in the policy

**Response from Finance / SCM Unit:** Objective criteria varies from Tender to Tender and cannot be defined in the policy. Even the PPFA and its regulations clearly states that we can appoint the highest preference points scorer unless there is objective reasons for not doing so. The PPFA and its regulations is not specific in terms of the objective reasons.

- Negotiations with tenderers after closure of bids may only be done through one of the Bid Committees and not by an official.

**Response from Finance / SCM Unit:** This is an Administrative issue, if End Users want Bidders to clarify something on their Technical proposal we cannot refer them to the Committee System. SCM Unit is currently dealing with these kind of requests and there are no problems. Legal Services should also be mindful of the attached Tender SLA timeframes, these committees sit once a week and we cannot allow a situation whereby End User take 1 week to seek clarity on Technical matters.
6. IMPLICATIONS

6.1 HUMAN RESOURCES

None.

6.2 FINANCES

None.

6.3 CONSTITUTIONAL AND LEGAL FACTORS

See Legal comments

7. CONCLUSION

That cognisance is taken of these Amendments to the Supply Chain Management Policy and approval is granted by the Council.

IT WAS RECOMMENDED (TO THE MAYORAL COMMITTEE: 19 MAY 2010):

That it be recommended to Council:

1. That the revised Supply Chain Management Policy be approved;

2. That Council takes note of all SCM Processes & Turn Around Time Frames as per the attached Annexures (A-E); and

3. That Council takes note of the National Treasury Circular on BBBEE (F).

During discussion of the report, it was agreed that Members of the Mayoral Committee (MMC}s) and Strategic Executive Directors (SEd}s) submit inputs on the Supply Chain Management Policy to Governance and Secretariat Services by next week Wednesday for the Governance Cluster to resubmit the report with comments from other departments to the Mayoral Committee meeting scheduled for 2 June 2010 and thereafter to Council scheduled for 24 June 2010.

IT WAS RESOLVED (BY THE MAYORAL COMMITTEE: 19 MAY 2010):

That Members of the Mayoral Committee (MMC}s) and Strategic Executive Directors (SEd}s) submit inputs on the Supply Chain Management Policy to Governance and Secretariat Services by next week Wednesday, 26 May 2010, for the Governance Cluster to consider and resubmit the report with comments from other departments to the Mayoral Committee meeting scheduled for 2 June 2010 and thereafter to Council scheduled for 24 June 2010.
IT WAS RECOMMENDED (TO THE MAYORAL COMMITTEE: 2 JUNE 2010):

That it be recommended to Council:

1. That the revised Supply Chain Management Policy be approved;

2. That Council takes note of all SCM Processes and Turn Around Time Frames as per the attached Annexures (A-E); and

3. That Council takes note of the National Treasury Circular on BBBEE (F).

During the discussion of the report, the following comments, among others, were made:

- The MMC for Health and Social Development indicated that the Supply Chain Management Policy does not assist with the Indigent Exit Strategy.
- The MMC for Agriculture and Environmental Management stated that it be indicated how the Procurement Policy would be used to benefit the unemployed, co-operatives and the Indigent Exit Strategy.
- That the document does not cover processes related to unsolicited bids.
- That Strategic Executive Directors were not allocated or delegated powers to take decisions, thus potentially impeding efficient service delivery.

In light of the above, it was resolved as set out below:

IT WAS RESOLVED (BY THE MAYORAL COMMITTEE: 2 JUNE 2010):

1. That all inputs and concerns raised be incorporated or accommodated and that the report be submitted to Council; and

2. That a team led by the Acting City Manager and Chief Financial Officer would consolidate all comments raised before submission of the report to Council.

During the discussion of the report, the following comments, among others, were made:

- The MMC for Agriculture and Environmental Management stated that it be indicated how the Procurement Policy would be used to benefit the unemployed, co-operatives belonging to the indigent and the Indigent Exit Strategy.
- That the document includes the submission of unsolicited bids to the Mayoral Committee to decide whether they should be sent through the supply chain process.
- That the Supply Chain Management Policy should simplify procurement procedures in relation to indigent, NGOs and Co-operatives in the incubation stages.
- That the Supply Chain Management creates a database of market-related pricing of regularly procured goods and services to assist in awarding tenders.
IT WAS RECOMMENDED (TO THE MAYORAL COMMITTEE: 8 SEPTEMBER 2010):

That it be recommended to Council:

1. That the revised Supply Chain Management Policy be approved;

2. That the Council takes cognisance of all SCM Processes and Turn Around Time Frames as per the attached Annexures (A-E); and

3. That the Council takes cognisance of National Treasury Circular on BBBEE (F).

During the discussion of the report, it was resolved that the Supply Chain Management Policy be updated and submitted to Governance Executive Support by 9 September 2010 at 16:00.

In light of the above, it was:

IT WAS RESOLVED (BY THE MAYORAL COMMITTEE: 8 SEPTEMBER 2010):

That it be recommended to Council:

1. That the revised Supply Chain Management Policy be approved;

2. That Council takes cognisance of all SCM Processes and Turn Around Time Frames as per the attached Annexures (A-E);

3. That the Council takes cognisance of National Treasury Circular on BBBEE (F); and

4. That the Supply Chain Management Policy be updated and submitted to Governance Executive Support by 9 September 2010 at 16:00.

IT WAS RECOMMENDED (TO THE COUNCIL: 30 SEPTEMBER 2010):

1. That the revised Supply Chain Management Policy be approved;

2. That Council takes cognisance of all SCM Processes and Turn Around Time Frames as per the attached Annexures (A-E); and

3. That the Council takes cognisance of National Treasury Circular on BBBEE (F).

During consideration of this item by Council on 30 September 2010, Cllr J Mkhize seconded by Cllr ZJ Phungwayo proposed the following amendment:

(Unaltered)

That the City of Tshwane Supply Chain Management Policy be subjected to a public participation process within a period of 30 days in order to gather views from the public on the policy.
The Council acceded to Cllr Mkhize’s proposal and thereafter resolved as set out below:

IT WAS RESOLVED (BY THE COUNCIL: 30 SEPTEMBER 2010):

That the City of Tshwane Supply Chain Management Policy be subjected to a public participation process within a period of 30 days in order to gather views from the public on the policy.

IT WAS RECOMMENDED (TO THE SPECIAL MAYORAL COMMITTEE: 8 FEBRUARY 2011):

That it be recommended to Council:

1. That the revised Supply Chain Management Policy be approved;
2. That the Council should take note of all SCM Processes & Turn Around Time Frames as per the attached Annexures (A-E); and
3. That the Council should take note of National Treasury Circular on BBBEE (F).

During the discussion of the report, the following inputs/comments were made:

- The delegations must be amended to grant the SEDs delegations up to R200 000.00
- The municipality would have to advance its case to the National Treasury in respect of delegations (Not necessary for policy)
- Order numbers must be issued timeously (Not necessary for policy)
- Insert a statement that states that Clause 8.6, which deals with the rotation of service providers, be subject to Clause 8.3.1, which deals with preferential procurement for amounts below R30 000.00
- Reference to the cooling-off period under the Prohibition of Awards to Persons in the Service of the State be deleted until National regulations are promulgated
- Under “Discussion” amend the 3rd sentence from stating that “To many deviations reports...” to “Too many deviations reports...”
- That the revised, with amendments as stated by Mayoral Committee, be attached as an annexure to the report before submission to Council
- Clause 9.2: Bid Documentation for Competitive Bids. Amend item (o) to state that the CoT would give preference to people who are in the Indigent Register and not “make use of people on the Indigent Register”
- Clause 9.2. Amend item (p) to state that it will be required of established companies to make use of SMMEs on the CoT Construction Development Data Base
- Clause 10.6 Amend the reference to the determination of points using both price and functionality so that it refers only to price
- Clause 10.6. The points allocation under Contracts Above R500 000.00, do not add up to 100 points. Rectify this
- Clause 17.1. The clause must specify that the proposed investigations must be conducted by Supply Chain
There must also be a clause that allows for some service providers to be contracted on an “As and When” basis, on some data base, to avoid deviations

Under item 4, which deals with Procedures for Deviations, there is no need for people to respond to (e) because once they have answered (a), (b) and (d) they would automatically have answered (e)

IT WAS RESOLVED (BY THE SPECIAL MAYORAL COMMITTEE: 8 FEBRUARY 2011):

That the above inputs/comments be considered prior to submission of the Amendments to the Supply Chain Management Policy report to Council.

The Special Mayoral Committee on 8 February 2011 recommended to Council as set out below:

ANNEXURES:

A (Flowchart on SCM Processes)
B (SCM Request for Goods Process)
C (SCM Request for Goods Process)
D (SCM Stores Requisition Process)
E (SCM Supplier Payment Process)
F (National Treasury Circular on BBBEE)
G (SCM Procurement Turn Around Times)

RESOLVED:

1. That the revised Supply Chain Management Policy be approved;

2. That the Council should take note of all SCM Processes & Turn Around Time Frames as per the attached Annexures (A-E); and

3. That the Council should take note of National Treasury Circular on BBBEE (F).
6.2 **NOTIFY THE DEPARTMENT TO COLLECT GOODS FROM THE STORE**

The department is notified that the goods that they require have been delivered and available at the Stores. They can collect the goods when they produce the notification (Stores Requisition).

6.3 **ISSUE STORES REQUISITION**

The delegated official of the department collects the goods by creating a Stores Requisition (based on the Requisition for Goods)

6.4 **DRAW GOODS FROM STORES**

The stores clerk takes the Stores Requisition and draws the goods from the store
7.2 **Match Invoice with Delivery Note**

The Invoice is matched to the signed Delivery Note to ensure that the Invoice reflects the delivered value.

7.3 **Index Invoice**

After the invoice has been scanned (in the case where the invoice has been delivered by hand or by post), the minimum metadata is captured for the invoice.

7.4 **File Invoice**

The Invoice is then filed in the Requisition for Goods file and the supplier file.

7.5 **Process a Check Requisition**

A task is given to the expense section in the financial department to process the invoice.
TO ALL ACCOUNTING OFFICERS OF DEPARTMENTS AND CONSTITUTIONAL INSTITUTIONS, HEAD OFFICIALS OF PROVINCIAL TREASURIES, ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES LISTED IN SCHEDULES 3A & 3C TO THE PFMA

SUPPLY CHAIN MANAGEMENT: ALIGNMENT OF PREFERENTIAL PROCUREMENT WITH THE AIMS OF THE BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT (BBBEEA) AND ITS RELATED STRATEGY

1 PURPOSE

The purpose of this circular is to inform accounting officers and accounting authorities on the latest developments regarding the alignment of preferential procurement with the aims of the BBBEEA and its related strategy.

2 CURRENT LEGISLATION

2.1 The Preferential Procurement Policy Framework Act, Act No. 5 of 2000 (PPPFA) was enacted by Parliament on 2 February 2000. This Act provides a framework for the implementation of a procurement policy, providing for categories of preference in the allocation of contracts and the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination, as contemplated in section 217 of the Constitution.

2.2 In August 2001, the Minister of Finance promulgated the Preferential Procurement Regulations in order to give effect to the objectives of the PPPFA.

2.3 Since the 2004/2005 financial year, the National Treasury commenced with the monitoring of the measured procurement policy outcomes contemplated in the PPPFA and its associated Regulations.

3 REVISION OF LEGISLATION

3.1 On 13 February 2007, a report containing information regarding measured procurement policy outcomes was submitted to Cabinet for consideration.

3.2 Cabinet resolved, among others, that:
• The National Treasury and the Department of Trade and Industry (DTI) collaborate to refine and simplify the Codes of Good Practice and that the preferential procurement procedures be amended to ensure that Government's BBBEE objectives are achieved; and
• The revised PPPFA be finalized and that the relevant Bill be submitted to Parliament for consideration by June 2007.

3.3 These resolutions are currently in the process of being implemented by the National Treasury in collaboration with the DTI.

3.4 The revision of the legislation will include broadening the basis of evaluation to beyond only equity ownership and the promotion of the non-quantifiable RDP goals. Bidders will also be able to earn preferences for other elements such as the number of black people in management, transfer of skills, equity employment, indirect empowerment by procuring goods and services from black enterprises and socio-economic development initiatives in terms of the BBBEE scorecard.

4 STATUS QUO FOR APPLICATION OF PREFERENTIAL PROCUREMENT

4.1 Accounting officers and accounting authorities are required to apply the current Preferential Procurement Policy Framework Act, Act No. 5 of 2000 and the Preferential Procurement Regulations, 2001 until such time that the revised Act is officially enacted by Parliament and the revised Regulations pertaining thereto are formally promulgated by the Minister of Finance.

4.2 The National Treasury will convene various workshops and training initiatives to support accounting officers and accounting authorities in the implementation of the new preferential procurement policy procedures as soon as the Act and its Regulations are amended.

5 DISSEMINATION OF INFORMATION

5.1 Heads of Provincial Treasuries are requested to please bring the contents of this circular to the attention of accounting officers of their provincial departments.

5.2 Accounting officers of national and provincial departments are requested to please bring the contents of this circular to the attention of accounting authorities of Schedule 3A and 3C public entities reporting to their respective executive authorities.

6 CONTACT

Any enquiries on this circular may be directed to JAN Breytenbach or Joyrel Soobramanian of the National Treasury on telephone (012) 315 5342 or (012) 315 5336 respectively.

[Signature]
JAN BREYTENBACH
CHIEF DIRECTOR: NORMS AND STANDARDS
DATE: 2007/04/18
CITY OF TSHWANE

ANNEXURE: G

SUPPLY CHAIN MANAGEMENT TURNAROUND TIMES

2009/10 F/Y
1 INTRODUCTION

Chapter 11 of the Local Government Municipal Finance Management Act which deals with Supply Chain Management came into effect on 1 July 2005.

The objectives of the MFMA is to secure sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms and standards and other requirements for

(a) ensuring transparency, accountability and appropriate lines of responsibility in the fiscal and financial affairs of municipalities and municipal entities;

(b) the management of their revenues, expenditures, assets and liabilities and the handling of their financial dealings;

(c) budgetary and financial planning processes and the co-ordination of those processes with the processes or organs of state in other spheres of government;

(d) borrowing;

(e) The handling of financial problems in municipalities;

(f) Supply chain management; and

(g) Other financial matters.

Each municipality is required in terms of Section 111 of the MFMA to have and implement a Supply Chain Management Policy.
ACQUISITION MANAGEMENT

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 will be procured by the Municipality in accordance with authorised processes only;

(b) That expenditure on goods and services will be incurred in term of the approved budget in terms of Section 15 of the Act;

(c) That the threshold values for different procurement processes will be complied with;

(d) That bid documentation, evaluation and adjudication criteria, and general conditions of contract, are in accordance with any applicable legislation;

(e) That any National Treasury guidelines on acquisition management will be properly taken into account

(f) That the SCM Unit and Committee System will comply to the Agreed Turnaround Times as stipulated below.

(g) The Turnaround Times below, will be reviewed Annually.

8.3 RANGE OF PROCUREMENT PROCESSES

The procurement of goods and services will be procured through the following:

<table>
<thead>
<tr>
<th>Value of purchase VAT inclusive</th>
<th>Procurement method</th>
<th>Delegated authority</th>
<th>Oversight role</th>
<th>SLA TIME FRAMES FROM REQUISITION TO PO</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – R2000</td>
<td>Petty cash</td>
<td>Heads Of Departments</td>
<td>Chief Financial Officer</td>
<td>1 Day</td>
</tr>
<tr>
<td>R2001 up to R10 000</td>
<td>Quotations</td>
<td>SED/DEPUTY MANAGER ACQUISITION</td>
<td>Executive Director: Supply Chain Management</td>
<td>2 Days</td>
</tr>
<tr>
<td>R10 001 up to R30 000</td>
<td>1 formal written and 2 other price quotations in accordance with the Council approved procurement framework</td>
<td>SED/DEPUTY MANAGER ACQUISITION</td>
<td>Executive Director: Supply Chain Management</td>
<td>3 Days</td>
</tr>
<tr>
<td>R30 001 up to R200 000</td>
<td>3 (three) formal written price quotations and; (i) complying with the MFMA; (ii) sealed and placed in box (iii) advertise for 7 (seven) days on notice boards and website of Municipality. (iv) Allocate in accordance with the points system</td>
<td>SED/ MANAGER ACQUISITION</td>
<td>ED SCM &amp; Chief Financial Officer</td>
<td>15 Days (7 Days Advertising On Notice Boards &amp; 8 Days Evaluation and Award)</td>
</tr>
<tr>
<td>------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
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<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Tenders from R200 000 up to R 10 million and long term contracts</td>
<td>A competitive bidding process: (i) advertised for at least 14 (fourteen) days on notice boards and website of City Of Tshwane Municipality (ii) advertised for at least 14 (fourteen) days in newspapers commonly circulating locally but not limited thereto (iii) allocate in accordance with the points system</td>
<td>Bid Adjudication Committee</td>
<td>City Manager</td>
<td>70 Days (30 Days Advertising on Notice Boards &amp; 40 Days Evaluation and Award)</td>
</tr>
<tr>
<td>Tenders above R 10 million</td>
<td>A competitive bidding process: (i) advertised for at least 30 (thirty) days on notice boards and website of Council; and (ii) advertised for at least 30 (thirty) days in newspapers commonly circulating locally but not limited thereto (For Tenders above R 10 million) (iii) allocate in accordance with the Preferential points system</td>
<td>Accounting officer on recommendation from Adjudication Committee above R 10 million</td>
<td>City Manager</td>
<td>70 Days (30 Days Advertising on Notice Boards &amp; 40 Days Evaluation and Award)</td>
</tr>
</tbody>
</table>
N.B Members Of Mayoral Committee (MMC's) are expected to take 3-5 Working Days to sign Tender or Quotation Advertisement Requests Forms & Specifications for their respective Departments.
CITY OF TSHWANE

CITY OF TSHWANE

SUPPLY CHAIN MANAGEMENT POLICY
PREAMBLE

WHEREAS Section 217 of the Constitution of the Republic of South Africa, 1996 requires the organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, when contracting for goods or services, to do that in accordance with a system which is fair, equitable, transparent, competitive and cost effective.

WHEREAS Section 111 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) requires that the Municipality adopt, maintain and implement a Supply Chain Management Policy;

WHEREAS Municipal Supply Chain Management Regulations made in terms of Section 168 of the Local Government: Municipal Finance Management Act prescribes what such Supply Chain Management Policy must provide for;

And WHEREAS the Council has approved the five (5) year programme which identifies procurement as the central strategy to advance the objectives of BEE, BBBEE, Codes of Good Practice and Preferential Procurement;

Now THEREFORE, the Council of the City of Tshwane Municipality and all its entities adopts the Supply Chain Management Policy as set out in this document.
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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 Act has the same meaning as in the Act, and –

"Emergency": - emergency is a serious, unexpected and potentially dangerous situation which is a threat to life and property requiring immediate action from the Municipality to ensure the continuous rendering of services to the public.

"Final award": in relation to bids or quotations submitted for a contract, means the final decision on which bid to accept;

"Bid": means a written offer submitted to the City in response to an invitation to bid in a competitive process.

"Bidder": means any person submitting a bid.

"City": means the municipality of the City of Tshwane Metropolitan Municipality or any person(s) or committee delegated with the authority to act on its behalf.

"Construction Industry Development Board Act": means the Construction Industry development Board Act, 38 of 2000 and includes the regulations thereto.

"Construction Works": means any work in connection with:
- The erection, maintenance, alteration, renovation, repair, demolition or dismantling of or addition to a building or any similar structure;
- The installation, erection, dismantling or maintenance of a fixed plant;
- The construction, maintenance, demolition or dismantling of any bridge, dam, canal, road;
- Railway, sewer or water reticulation system or any similar civil engineering structure; or
- the moving of earth, clearing of land, the making of an excavation, piling or any similar type of work.

"Consultant": means a person or entity providing services requiring knowledge based expertise.

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

"Contractor": means any person whose bid or quote has been accepted by the City.

"Delegated Authority": means any person or committee delegated with authority by the City in terms of the provision of the Municipal Finance Management Act.

"In the service of the state": means: a member of any municipal council, any provincial legislature or the National Assembly or
- The National Council of Provinces;
- An official of any municipality or municipal entity;
- An employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, no 1 of 1999;
- A member of the board of directors of any municipal entity;
- A member of the accounting authority of any national or provincial public entity; or
- An employee of parliament or a provincial legislature.
"Municipal entity": means an entity as defined in the Systems Act.

"Municipal Finance Management Act": means the Local Government: Municipal Finance Management Act, 56 of 2003 and includes the regulations thereto.

"Person": includes a natural or juristic entity.

"Policy": means this Supply Chain Management Policy as amended from time to time.

"Preferential Procurement Policy Framework Act": means the Preferential Procurement Policy Framework Act, 5 of 2000 and includes the regulations thereto.

"Quotation" or "Quote": means a written offer to the City in response to an invitation to submit a quotation.

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

"An Asset": A resource controlled by the municipality as a result of past events and from which future economic benefits to service potential is expected to flow to the municipality.

"Urgency": can be defined as instances requiring immediate action or attention.

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).
2. **INTRODUCTION**

Chapter 11 of the Local Government Municipal Finance Management Act which deals with Supply Chain Management came into effect on 1 July 2005.

The objectives of the MFMA is to secure sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms and standards and other requirements for

(a) ensuring transparency, accountability and appropriate lines of responsibility in the fiscal and financial affairs of municipalities and municipal entities;

(b) the management of their revenues, expenditures, assets and liabilities and the handling of their financial dealings;

(c) budgetary and financial planning processes and the co-ordination of those processes with the processes or organs of state in other spheres of government;

(d) borrowing;

(e) The handling of financial problems in municipalities;

(f) Supply chain management; and

(g) Other financial matters.

Each municipality is required in terms of Section 111 of the MFMA to have and implement a Supply Chain Management Policy which gives effect to the provision of Part 1 of Chapter 11.
3. LEGAL ENVIRONMENT

LEGISLATION AND POLICY STRATEGY

The City of Tshwane is committed to comply with applicable legislation as it pertains to Supply Chain Management and the following examples of pieces of legislation are relevant:

- REGULATIONS IN TERMS OF SECTION 168 OF THE MUNICIPAL FINANCE MANAGEMENT ACT.
- PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT, 2000 (ACT No 5 of 2000)
- CONSTRUCTION INDUSTRY DEVELOPMENT BOARD ACT, 2000 (ACT No 38 OF 2000)
- NATIONAL TREASURY MODEL SUPPLY CHAIN POLICY
- CoT APPROVED POLICY FRAMEWORK FOR THE ALIENATION AND EXPROPRIATION OF IMMOVEABLE PROPERTY
- NEW MUNICIPAL SERVICE DELIVERY AND PUBLIC PRIVATE PARTNERSHIP GUIDELINES OF 2007,
- NATIONAL TREASURY (MANUAL) PRACTISE No 1 OF 2004, STANDARDISED PUBLIC PRIVATE PARTNERSHIP AND ALL ITS MODULES
- AND OTHER APPLICABLE BY-LAWS, ORDINANCE OR LEGISLATION.

The Policy to Guide Uniformity in Procurement Reform Processes in Government was approved by Cabinet 10 September 2003 and promulgated on 5 December 2003.

NATIONAL TREASURY PRACTICE NOTES & SCM GUIDELINES

OTHER APPLICABLE BY-LAWS, ORDINANCE OR LEGISLATION

Cognisance must be taken of the following pieces of legislation that may have an impact on the supply chain environment:

3) Protected Disclosures Act, Act no 26 of 2000.
5) All other applicable by-laws, ordinances or legislation impacting on Supply Chain Management must be taken into account.

4. PILLARS OF SUPPLY CHAIN MANAGEMENT

4.1 Fair and equitable

To be fair, all possible suppliers must have an equal opportunity to bid for the requirements of the city. For this reason, all competitive bids must be advertised by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality
or municipal entity or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin). All bids received on time must be considered and no bidder may receive preferential treatment or be prejudiced against other bidders. No Specification / evaluation / Adjudication information will be given to third parties except in cases where legal action has already been taken and all documentation must be furnished for scrutiny.

4.2 Transparent

By advertising all competitive bids prospective suppliers are informed of the requirements of the city. Bids received on time are opened in public, and the names and the prices of the bidders are read out.

4.3 Competitive/cost-effective

It is the duty of the government to protect the public interest. In view of the fact that taxpayers' money is used to satisfy the requirements of all spheres of government, it must be ensured that goods or services are obtained in the most cost-effective manner.

Transparency must be fostered by providing the public with timely, accessible and accurate information.

4.4 Value for money

The term "value for money" includes the monetary value as well as the quality and the utilisation of the procurement system to achieve government's policy objectives. Due consideration should, however, be given to the quality of the goods required, the time to administrate the process, and the cost-effectiveness of the ensuing contracts.

4.5 Open and effective competition

This pillar of public sector procurement requires the following:

A framework of procurement laws, policies, practices and procedures that are transparent; in other words they must be readily accessible to all parties; openness in the procurement process;

4.6 Ethics and fair dealing

All parties involved in procurement should comply with the following ethical standards:
- Deal with each other on a basis of mutual trust and respect; and
- Conduct their business in a fair and reasonable manner and with integrity.

4.7 Accountability and reporting

This involves ensuring that individuals and organisations are answerable for their plans, actions and outcomes. Openness and transparency in administration, by external scrutiny through public reporting, is an essential element of accountability.
4.8 Equity

This fifth pillar is vital to public sector procurement in South Africa. It ensures that government is committed to economic growth by implementing measures to support the industry in general. No public procurement system should be operated if it is not founded on this pillar.

5. IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

(1) This Policy applies to:

(a) the acquisition of all goods and services, construction works and consultant services;
(b) The disposal by the City of goods and assets no longer needed;
(c) The selection of contractors to provide assistance in the provision of municipal services
(d) The selection of external mechanisms referred to in Section 80(1) (b) of the Systems Act for the provision of municipal services in circumstances contemplated in Section 83 of the Act.
(e) In cases of Leasing Of Assets normal Procurement process to be followed

(2) Unless specifically stated otherwise, this Policy does not apply if a municipality contracts with another organ of state for:

(a) The provision of goods and services to the municipality;
(b) The provision of a municipal service; or
(c) The procurement of goods and services under a contract secured by that other organ of state, provided that the relevant supplier has agreed to such procurement.

(3) The following supply chain management systems have accordingly been developed in accordance with the requirements of the Municipal Finance Management Act:

(a) Demand management system
(b) Acquisition management system;
(c) Logistics management system
(d) Disposal management system;
(e) Risk management system
(f) Performance management system;

(4) These systems must be adhered to in all supply chain management activities undertaken by the City,

(5) The Supply Chain Management Policy of a municipal entity must, in addition to complying with sub regulation (1), and the extent determined by the parent municipality, also be consistent with the supply chain management policy of its parent municipality, the Council of the parent municipality must take appropriate steps to ensure consistency.
CHAPTER 1

6. OVERALL OBJECTIVES, PRINCIPLES & ROLES

The goal of this policy is to ensure sound, sustainable and accountable supply chain management, whilst promoting black economic empowerment in terms of City's approved Budget, Integrated Development Plan and the City Strategic Objectives as contained in the City Development Strategy.

6.1 Objective of Supply Chain Management Policy

The objective of the Supply Chain Management Policy as contained in the MFMA is -

(a) To give effect to the provisions of Section 217 of the Constitution of the Republic of South Africa, 1996;

(b) To give effect to the provisions of the Local Government: Municipal Finance Management Act, (Act no. 56 of 2003)

(c) To give effect to the Municipal Supply Chain Management Regulations

6.2 CITY OF TSHWANE MUNICIPALITY SUPPLY CHAIN STRATEGIC OBJECTIVES

a) To implement Preferential Procurement having regard to PDI's; SMME's; BBBEE; and Community co-operatives (BEE Status);

b) To support and give effect to the five (5) year programme;

c) To empower people who did not have the franchise before 1994 within the following categories:
   - SMME's
   - BBBEE
   - Community Co-operatives.

6.3 PRINCIPLES

Principles of Supply Chain Management Policy are -

(a) Accountability: Effective supply chain management system must be maintained in order to enable the accounting officer to discharge his/her responsibilities.

(b) Efficiency: Using City Of Tshwane resources wisely and without unnecessary waste. Adopting the Principle of "value for money" which includes the monetary value as well as the quality and the utilisation of the procurement system to achieve government's policy objectives.

(c) Effectiveness: The Municipality must meet the socio-economic goals of the National Government and sound financial governance appropriate to procurement requirements. Having the Interests of the Municipality at heart when making any decision.
(d) **Fairness:** The service providers must be treated fairly. The Municipality must not impose unnecessary burdens or constraints on the service providers or potential service providers.

(e) **Legality:** The Municipality must conform to all legislative requirements in terms of the procurement.

(f) **Transparency:** The Municipality must ensure that there is openness and clarity on Supply Chain Management Policy and its deliverables.

(g) **Responsiveness:** The Municipality must endeavour to meet the aspirations, expectations and needs of the community served by the procurement.

(h) **Informed decision-making:** The Municipality needs to base decisions on accurate information and monitor requirements to ensure that they are being met.

(i) **Integrity:** There must be no corruption or collusion with the service providers.

(j) **Consistency:** The service providers must be able to expect the same general Supply Chain Management Policy across the Municipality.

(l) **Competitiveness:** Procurement must be carried out by competition unless there are convincing reasons to the contrary.

6.4 **OVERSIGHT ROLE OF THE COUNCIL**

The Council must maintain oversight over the implementation of the Supply Chain Management Policy. For the purpose of such oversight, the accounting officer must –

(a) Within 10 days of the end of each quarter, submit a report on the implementation of the Supply Chain Management Policy to the Executive Mayor

(b) Within thirty (30) days of the end of the financial year submit a report on the implementation of the Supply Chain Management Policy of the Municipality.

(c) Whenever there are serious and material problems in the implementation of the Supply Chain Management Policy, immediately submit a report to the Council.

(d) The reports of Supply Chain Management Policy must be made public in accordance with Section 21A of the Municipal Systems Act.

(e) All Deviations must be reported to the Council

6.5 **ROLE OF THE ACCOUNTING OFFICER (MUNICIPAL MANAGER)**

The Municipal Manager is the accounting officer and the **administrative authority** for the municipality. In the first instance the Municipal Manager is accountable to the mayor for the implementation of **specific agreed outputs**.

In the second instance the Municipal Manager is accountable to the Council for the overall administration of the municipality. The Municipal Manager must be fully aware of the reforms required in order to provide the Executive Mayor, Councillors, senior officials and municipal entities with the appropriate guidance and advice on financial and budget issues. Whilst the Municipal Manager may delegate many tasks to the Chief Financial Officer or to
other senior officials, this must be done carefully to ensure that all tasks are completed appropriately.

Accounting officer (Municipal Manager) should –

(a) At least annually review the implementation of the policy and when considers it necessary, submit proposals for the amendment of the policy to Council.

(b) Implement a Supply Chain Management Policy.

(c) Take account of the need for the uniformity in supply chain practices, particularly to promote accessibility of supply chain management systems for small businesses.

(d) Ensure strict adherence to the guidelines provided by the National Treasury.

(e) Develop the internal procedures and processes.

(f) Report to Council regarding implementation of the Supply Chain Management.

(g) Comply with the highest ethical standards.

(h) Ensure training of supply chain practitioners.

6.6 THE MUNICIPAL COUNCIL

The MFMA recognises the municipal council as the highest authority in the municipality and strengthens the power of the council by vesting it with significant powers of approval and oversight. A Council delegates its executive authority to the Executive Mayor or committee, but does not delegate its legislative powers. It also retains its power to approve policy and budgets and to exercise oversight over the mayor in the implementation of policy, budgets and by-laws. As the representative body of the residents that it services, it remains accountable to residents and to other stakeholders like businesses, customers and users of its services.

Non-executive councillor

Apart from the Speaker, non-executive councillors generally function in a part-time capacity and are expected to play a political role in representing residents and other stakeholders in the municipality. Councillors provide the critical political linkage between the executive (mayor or executive committee) and the community. Councillors can therefore facilitate the consultative processes envisaged in both the MFMA and the MSA, particularly with regard to budgets, budget-related policies, tariff setting for services, indigent policies, long-term borrowing and contracts. The MSA and the MFMA also provide non-executive councillors with important recommendations and approval roles: they are expected to approve the policies recommended by the Executive Mayor (or committee). These include by-laws and policies on priorities that impact in council service delivery. Both the MSA and the MFMA also expand the role of councillors to include an oversight role through council (or committee) meetings. However, if they are to play this role, councillors cannot play any operational role, as this would interfere with the role of the Executive Mayor (or committee) and also weaken the accountability of officials to the Council (since councillors cannot be both players and referee). This is in line with the role of elected representatives in Parliament and the provincial legislatures, who do not become involved in the day-to-day activities of the executive. Given the importance of this oversight role, both the MSA and the MFMA protect the Councillors policy-making role by separating it from the
implementation role played by officials. Councillors are therefore not allowed to be members of the boards of entities (Section 93F of the MSA), and neither can they be members of a tender or bid adjudication committee (Section 117 of the MFMA).

The MFMA also anticipates that each municipal council will strengthen its **oversight role by forming portfolio committees within the council** to facilitate the oversight role councillors can play through such committees.

The Municipal Structures Act can be utilised in this respect, through Sections 79 and 80, which allows a council to form a budget and finance committee, a public accounts committee, a municipal services committee (to cover water, electricity, refuse removal, etc.)

Under the MFMA, the Council is expected to undertake a number of financial management tasks to fulfil its oversight function. These include the following:

- Considering and approving the annual budget and ensuring the budget and interdepartmental planning are aligned.
- Approving budget-related policies on appropriate taxes, user charges, indigent policies, credit control and supply chain management.
- Considering the views of the community and government regarding the budget and in establishing a municipal entity.
- Reviewing the budget and performance of entities under council control.
- Dealing with audit and annual reports, and adopting an oversight report once the report is received.
- Considering capital projects and contracts with financial implications of more than three budget years.
- Taking responsibility for incurring debt and determining security over debt (although some aspects of this may be delegated for short-term debt, subject to certain conditions).
- Considering the sale, disposal or transfer of all capital assets (although this may be delegated to the municipal manager to a value determined by the council)
- Reviewing unauthorised and unforeseen expenditure and reporting on unauthorised, irregular and fruitless and wasteful expenditure.
- Investigating allegations of financial misconduct and taking appropriate action where necessary.

### 6.7 THE EXECUTIVE MAYOR OR COMMITTEE

As the executive authority of the Council, the Executive Mayor or committee must **provide political guidance over the policy, budget and financial affairs of the municipality** and must ensure that the municipality complies with its obligations under the legislation. Without interfering in the day-to-day administration of the municipality, the Executive Mayor should monitor and oversee the Municipal Manager and Senior Managers to ensure that they are carrying out their duties in an appropriate manner. The key tools for doing so are the annual service delivery and budget implementation plan (SDBIP) and the performance agreement with its clear measurable outputs.

The mayor remains accountable to council for proposing and implementing policy and overseeing the implementations of this policy by the administration.

1. The City of Tshwane Metropolitan Municipal Council reserves its right to maintain oversight over the implementation of this policy.

2. For the purposes of such oversight the accounting officer must –
(a) within 20 days in the case of a municipal entity and 30 days in the case of the municipality of the end of each financial year, submit a report on the implementation of this policy 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 the Council.

(3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the Supply Chain Management Policy to the Council.

(4) These reports must be made public in accordance with Section 21A of the Municipal Systems Act.

6.8 THE CHIEF FINANCIAL OFFICER (CFO)

The Chief Financial Officer is the administrative head of the Supply Chain System and the budget and treasury office. The Chief Financial Officer has an essential function in assisting the Municipal Manager to carry out his or her financial management responsibilities, in areas ranging from budget preparation to financial reporting and the development and maintenance of internal control procedures. The Chief Financial Officer plays a central role in implementing the financial reforms at the direction of the Municipal Manager with the assistance of appropriately skilled staff.

7. SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES

Statutory Powers and Duties of the Accounting Officer

(1) The MFMA confers Statutory Powers and duties on the Accounting Officer.

(2) The accounting officer may not delegate or sub delegate any supply chain management powers or duties –

(i) To a person who is not an official of the municipality or
(ii) To a committee which is not exclusively composed of officials of the municipality

Additional Powers and Duties

(1) The following additional powers and duties are delegated to the accounting officer and are subject to the following conditions:

(a) That a competitive bidding process will be followed for any specific procurement of a transaction Value Above R200 000 (Vat Included) and the Procurement Of Long term Contracts.

(b) That on recommendation from the bid adjudication committee(s), the accounting officer makes final awards on procurement of a transaction value above R10 000 000.00.
SCM Standard Operating Procedures and Reporting

(a) That a competitive bidding process will be followed for any specific procurement of a transaction value above R30 000.00 (VAT included) and the procurement of long term contracts.

(b) That no requirement for goods or services above an estimated transaction value of R200 000.00 (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.

(c) That the Bid Adjudication Committee(s) chaired by the official appointed by the accounting officer, makes final awards on procurement of a transaction value Above R200 000.00 - R 10 000 000.00.

(d) That the final award in a competitive bidding process should be made through the committee system provided for in section 4 of this policy.

(e) No decision-making in terms of any supply chain management powers and duties may be delegated to an advisor or consultant.

(f) That a written report be submitted to the accounting officer in the case of the final award of a transaction value Above R2001 within five days of the end of each Month.

CHAPTER 2

8. ESTABLISHMENT OF SUPPLY CHAIN MANAGEMENT SYSTEM

THE SUPPLY CHAIN MANAGEMENT SYSTEM

The accounting officer shall develop and implement an effective and efficient supply chain management system for:

- The acquisition of goods, services and works
- The disposal and letting of state assets and goods no longer required
- The system shall be fair, equitable, transparent, competitive and cost effective.
- The system shall be consistent with the PPPFA and BBBEE Act.

The system shall provide for at least the following effective systems:

- Demand management
- Acquisition management
- Committee system for competitive bids
- Logistics management
- Disposal management
• Risk management
• Regular assessment of supply chain performance

No person may interfere with the supply chain management system

8.1 DEMAND MANAGEMENT

SYSTEM OF DEMAND MANAGEMENT

(1) The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic goals outlined in Integrated Development Plan.

(2) The demand management system must -

a. Include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, timely and effectively procured and delivered at the right locations at the critical delivery dates, and are of the appropriate quality 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 the needs are met; and

d. To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

(3) Benefits of Demand Management

Demand management should provide benefits such as:

• Best value for money;
• Better risk, vendor management and Verification;
• More efficient procurement;
• Improvements in procurement outcomes;
• More opportunities for innovating bidding and contract management;
• More opportunities for implementing and achieving National Government’s broader policy objectives;

(4) Effective partnership between supply chain management practitioners, vendors and end-users must be maintained
UNBUNDLING STRATEGIES

In order to encourage increased participation and the sustainable growth of the small business sector, the unbundling of larger projects into smaller, more manageable, contracts by the relevant department is encouraged. Unbundling must however be considered in the context of:
- economies of scale being lost
- abortive work becoming necessary
- additional demands (not only financial) being placed on the areas resources,
- the risk of later phases not being completed as a result of budget cuts becoming necessary in the future. Unbundling, and all of its associated implications, must therefore be carefully considered at the planning stage of any project and the budgets for, the design thereof, should be structured accordingly. It is important to note that while it is the City of Tshwane Metropolitan Municipality's policy to procure works in the smallest practicable quantities, the practice of breaking out projects in order to circumvent the formal tender process is not permitted. When it is considered in the City of Tshwane Metropolitans Municipality's best interest to divide the total requirement on any one tender between two or more tenderers e.g. in order to draw from the most convenient or nearest sources, or to ensure continued competition or to optimize available resources or to support SMME's, a supply or service may be divided amongst several tenderers, and contracts can be placed accordingly, provided that this was a tender condition set by the relevant department.

PART 2: 8.2 ACQUISITION MANAGEMENT

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 will be procured by the Municipality in accordance with authorised processes only;

(b) That expenditure on goods and services will be incurred in term of the approved budget in terms of Section 15 of the Act;

(c) That the threshold values for different procurement processes will be complied with;

(d) That bid documentation, evaluation and adjudication criteria, and general conditions of contract, are in accordance with any applicable legislation;

(e) That any National Treasury guidelines on acquisition management will be properly taken into account; and

(f) Unless the Municipality otherwise directs:

(i) Bids can only be accepted from vendors registered in South Africa in South African rand.
(ii) The laws of South Africa should govern contracts arising from the acceptance of bids.

(2) The supply chain management will not apply if a municipality contracts with another organ of state for –

(a) The provision of goods or service to the municipality;
(b) The provision of a municipal service or assistance in the provision of a municipal service;
(c) The procurement of goods and services under a contract secured by that other organ of state, provided that the relevant supplier has agreed to such procurement.

(3) If a municipality procure goods or services contemplated in 2 above, it must make public the fact that it procures such goods or services otherwise than through its supply chain management system including –

(a) The kind of goods or services; and
(b) The name of the supplier

(4) The supply chain management system, except where provided otherwise in the regulation, will also not apply in the following:

a) Water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
b) Electricity from Eskom or another public entity, another municipality or a municipal entity.

c) Telephone System from TELKOM

d) Postal Services from SOUTH AFRICAN POSTAL SERVICES

e) Use of the Services of the CSIR and SABS for Quality Testing and Standard Publications

8.3 RANGE OF PROCUREMENT PROCESSES

The procurement of goods and services will be procured through the following:

<table>
<thead>
<tr>
<th>Value of purchase VAT inclusive</th>
<th>Procurement method</th>
<th>Delegated authority</th>
<th>Oversight role</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – R2000</td>
<td>Petty cash</td>
<td>Heads Of Departments</td>
<td>CFO</td>
</tr>
<tr>
<td>R2001 up to R10 000</td>
<td>Quotations</td>
<td>Chief Accountant Acquisition in Consultation with relevant Department</td>
<td>Executive Director SCM &amp; CFO</td>
</tr>
<tr>
<td>R10 001 up to R30 000</td>
<td>1 formal written and 2 other price quotations in accordance with the Council approved procurement framework</td>
<td>Deputy Director Acquisition in Consultation with relevant Department</td>
<td>Executive Director SCM &amp; CFO</td>
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<tr>
<td>R30 001 up to R200 000</td>
<td>3 (three) formal written price quotations and; (i) complying with the MFMA; (ii) sealed and placed in box (iii) advertise for 7 (seven) days on notice boards and website of Municipality, (iv) Allocate in accordance with the points system</td>
<td>SED’s in consultation with Director Acquisition &amp; ED SCM</td>
<td>Executive Director SCM &amp; CFO</td>
</tr>
<tr>
<td>Tenders from Above R 200 000 up to R 10 million and long term contracts</td>
<td>A competitive bidding process: (i) advertised for at least 14 (fourteen) days on notice boards and website of City Of Tshwane Municipality (ii) advertised for at least 14 (fourteen) days in newspapers commonly circulating locally but not limited thereto (iii) allocate in accordance with the points system</td>
<td>Bid Adjudication Committee</td>
<td>City Manager</td>
</tr>
<tr>
<td>Tenders above R 10 million</td>
<td>A competitive bidding process: (i) advertised for at least 30 (thirty) days on notice boards and website of Council; and (ii) advertised for at least 30 (thirty) days in newspapers commonly circulating locally but not limited thereto (For Tenders)</td>
<td>Accounting officer on recommendation from Adjudication Committee above R 10 million</td>
<td>City Manager</td>
</tr>
</tbody>
</table>
(4) The accounting officer may lower and not increase in writing the threshold values specified in 1 above.

(5) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirement of this policy.

(6) 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.

**8.3.1 GOODS AND SERVICES BELOW R30 000.00**

The procurement of goods and services below R30 000.00 is done by requesting the suppliers who are in Council's database to quote. Offers below R30 000 (Vat Included) threshold must be awarded based on compliance to Specifications and based on Lowest acceptable Price.

It is proposed that for this range of procurement the spend should be aligned to City Of Tshwane and Gauteng Provinical government BEE targets. Prior to creation of Purchase Order the Manager Acquisition should ensure that the Tax Matters of the recommended Bidder are in Order and also the Municipal Account of the Directors of the Bidders are not in arrears for a period exceeding 3 Months.

**8.3.2 GOODS AND SERVICES ABOVE R30 000 TO R200 000.00**

The procurement of goods and services above R30 000.00 but below R200 000.00 must be procured through formal written price quotations or Competitive Bidding Process.

These must be advertised on the notice board for a period of at least seven days and when using vendors who are on the database, ongoing competition must be promoted by rotating the invitation to vendors to participate in the system.

Offers above R30 000 to R200 000.00 (Vat Included) must be awarded based on, compliance to Specifications, Preferential Point System and ability and capacity to deliver the goods and services. Valid Tax Clearance & Municipal Accounts of all the Directors should be submitted with the Proposal or within 7 Days after closing date of the Tender.
8.3.3 GENERAL PRECONDITIONS FOR CONSIDERATION OF WRITTEN QUOTATIONS OR BIDS

All written quotation or bid should not be considered unless the vendor who submitted the quotation or bid –

(a) Has furnished –
   (i) Full registered name;
   (ii) Identification number of company or other registration number; and
   (iii) Valid Tax reference number

(b) Has submitted a valid tax clearance certificate from the South African Revenue Services proofing that the provider’s tax matters are in order; and

(c) Has indicated –
   (i) Whether he or she has been in the service of the State in the previous months or as stipulated in Article 44 and 45 of the MFMA Regulations.

8.4 LISTS OF ACCREDITED PROSPECTIVE PROVIDERS

(1) The Accounting Officer must – ensure that the Supply Chain Management Section
   (a) Keep a vendor list of accredited prospective providers of goods and services that must be used for the procurement requirements and
   (b) At least once a year through newspapers commonly circulating locally, but not limited thereto, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
   (c) Specify the listing criteria for accredited prospective providers; 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.

(2) The list must be regularly updated to include any additional prospective providers and any new commodities or types or services. Prospective providers must be allowed to submit applications for listing at any time.

(3) The list should be used to promote participation of black-owned small, medium and micro enterprises (SMME’s) and Community Co-operatives.

(4) Once a list has been compiled per commodity and per type of service, price quotations will be invited from the supplies in a manner that promotes ongoing competition, including on a rotation basis, up to R30 000.00 to be prepared by the Manager: Acquisitions on a regular basis.

(5) The inclusion of any supplier in the database of suppliers does not exempt the supplier from the obligation to respond in the prescribed manner to notices of the Municipality’s Supply Chain Management requirements.

(6) Suppliers who wish to be included in the list of accredited suppliers without waiting for the next invitation may approach the Procurement Section for inclusion, provided that they supply the necessary documentation and information for evaluation. Once
these requirements have been satisfied, the Procurement Section will ensure that the prospective supplier is evaluated and will provide a response as to approval or not within 14 days. Prospective suppliers will not be eligible to provide quotations until they have been approved as an accredited supplier, except where the prospective supplier provides a type of commodity or service for which no supplier is available from the list of accredited suppliers.

(7) The list must be compiled per commodity and per type of service.

8.5 PETTY CASH PURCHASES

This power is Delegated to the Heads of Department (SED’s) who may in turn sub delegate the Power to other officials within their respective Departments, subject to the following Conditions:

The Procurement of Goods or Services in this category must be sourced from companies on CoT Vendor Data Base only (Cooperatives, Youth Owned, Women Owned & Disability Owned) and the Spend should be aligned to Gauteng Preferential Provincial Targets on BEE.

Conditions Applicable on Process

The Chief Financial Officer must compile the conditions for the Procurement of Goods or Services by means of Petty Cash Purchases for approval by Municipal Manager.

8.6 PROCEDURES FOR PROCURING GOODS OR SERVICES THROUGH FORMAL WRITTEN PRICE QUOTATIONS

(1) The procedure for the procurement of goods or services through written quotations or formal written price quotations, are as follows:

(a) When using the list of accredited prospective providers only (Cooperatives, Youth Owned, Women Owned & Disability Owned) below R30 000.00 (VAT included), the accounting officer must promote ongoing competition amongst different providers by inviting providers on a rotation basis from the approved Data Base; to submit quotations

ROTATION OF SUPPLIER

Rotation Of Suppliers is a Legislative Safeguard to ensure equitable distribution of access to City Of Tshwane’s Procurement Processes.

City Of Tshwane has more than 15 000 Service Providers on its Data Base Rotation means that each Service Provider must have an equal opportunity of being requested to Submit a Formal written Quotation.

Rotation means that each Listed Service Provider on Supplier Data Base must be treated equally and afforded equal opportunity in relation to other Service Providers. This also means that the selection of service Providers through written or formal written Quotations must be on rotational basis precisely to ensure that there is no Favouritism and / irregularity in the
The Buying Unit should also ensure that when requesting written Quotations there is no selection of a limited group of listed prospective service provider. As this will constitute unfair treatment of listed service providers in relation to each other. Failure to comply to this requirement will result in the Accounting Officer or Delegated Official taking appropriate disciplinary Actions against offenders. This Implementation of this Clause is

The Processes for the Rotation Of Suppliers by the Buyers will be as follows:

Whenever the buyer receives requisitions to go out on quotations from Departments, the buyer will solicit quotations from 3 different Service Providers (in the relevant Commodity) who were not given a chance to quote before.

(b) All requirements in excess of R30 000.00 (VAT included) that are to be procured by means of formal written price quotations must, be advertised for at least 7 (seven) consecutive days on the website and an official notice board of the City of Tshwane Metropolitan Municipality;

(c) Offers received must be evaluated on a comparative basis taking into account unconditional discounts and the applicable 80/20 preference points.

(d) The accounting officer or Chief Financial Officer must on a monthly basis be notified in writing of all written quotations and formal written price quotations approved by Supply Chain Management official acting in terms of a sub delegation;

(e) Offers below R30 000.00 (VAT included) 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) Acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;

(g) The accounting officer must take all reasonable steps to ensure that the procurement of goods and services through formal written price quotations is not abused.

(h) The Supply Chain Management Unit is responsible for proper record keeping.

(2) Notwithstanding the above requirements for consideration, quotations not complying with specification may not be accepted.

(3) All quotations above the value of R2000.00 and up to R30 000.00 shall be evaluated by the Supply Chain Management Division and approved by the Supply Chain Management delegated official.

(4) Only quotations complying with the specifications will be considered to be accepted, provided that there are sufficient funds within the appropriate budget.

(5) Where no quotation complies with the specification, as determined by the Department, Procurement Management must recall for quotations.

(6) Where the relevant official has any direct or indirect interest in the procurement requirements, another official must adjudicate in the manner specified above. An
interest is where the official has direct or indirect personal advantage in the specific procurement of goods or services.

8.7 WRITTEN QUOTATIONS

(1) The conditions for the procurement of goods or services through written quotations are as follows:

(a) Quotations must be obtained from at least 3 (three) different providers preferably from providers whose names appear on the list of prospective providers of the City of Tshwane Metropolitan Municipality, only (Cooperatives, Youth Owned, Women Owned & Disability Owned)

(b) If it is not possible to obtain at least three quotations, the reasons must be recorded by the Director: Acquisitions and be forwarded to the Executive Director Supply Chain Management for approval and be reported quarterly to the accounting officer or another official designated by the accounting officer;

(d) The names of the potential providers requested to provide such quotations, with their quoted prices, must be recorded.

(e) It is proposed that for this range of procurement the spend should be aligned to City Of Tshwane and Gauteng Provincial government BEE targets. Prior to creation of Purchase Order the Manager Acquisition should ensure that the Tax Matters of the recommended Bidder are in Order and also the Municipal Account of the Directors of the Bidders are not in arrears for a period exceeding 3 Months.

8.7 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 3 (three) different providers whose names appear on the list of prospective providers of the City of Tshwane Metropolitan Municipality, only (Cooperatives, Youth Owned, Women Owned & Disability Owned) All quotations must be inclusive of carriage/freight and other costs;

(b) If it is not possible to obtain at least 3 (three) quotations, the reasons must be recorded and approved an official designated by the Chief Financial Officer, and

(f) The responsible official must record the names of the potential providers and their written quotations.

(g) It is proposed that for this range of procurement the spend should be aligned to City Of Tshwane and Gauteng Provincial government BEE targets. Prior to creation of Purchase Order the Manager Acquisition should ensure that the Tax Matters of the recommended Bidder are in Order and also the Municipal Account of the Directors of the Bidders are not in arrears for a period exceeding 3 Months.
(2) A designated official referred to in subparagraph (1)(c) must within 3 (three) 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 subparagraph.

9. COMPETITIVE BIDS

(1) Goods or services above a transaction value of R200 000.00 (VAT included) and long term contracts may only be procured through a competitive bidding process.

(2) The bid documentation will be prepared by the Demand Section within SCM and approved by the Bid Specification Committee in consultation with the relevant department and displayed on notice boards, placed on the Council's website, and advertised in commonly circulated local newspapers, but not limited thereto, with a closing date of at least 14 days after the date that the advertisement first appears. (The period may be shortened in exceptional circumstances)

For all multi sectoral Projects Departments are expected to prepare Specifications and Present the Specifications at the Mayoral Committee, there after the Specifications can be tabled at the Bid Specification Committee.

(3) No requirement for goods or services above an estimated transaction value of R200 000.00 (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.

9.1 PROCESS FOR COMPETITIVE BIDDING

(1) The procedures for the stages of a competitive bidding process are as follows:

(a) Compilation of bidding documentation as detailed in paragraph 9.2
(b) Public invitation of bids as detailed in paragraph 9.3
(c) Site meetings or briefing sessions
(d) Handling of bids submitted in response to public invitation as detailed in paragraph 9.4
(e) Evaluation of bids as detailed in paragraph 9.9
(f) Award of contract as detailed in paragraph 9.9
(g) Administration of contracts after approval of a bid, the accounting officer and the bidder must enter into a written agreement.
(h) Proper record keeping original/legal copies of written contract agreements should be kept in a secure place for reference purposes.

9.2 BID DOCUMENTATION FOR COMPETITIVE BIDS

(1) The bid documentation for a competitive bidding process must comply, or –

(a) take into account –
   (i) the general conditions of contract and any special conditions of contract, if specified;
   (ii) any National Treasury guidelines on bid documentation; and
   (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
   (iv) General Pre Conditions for consideration of Written Quotes or Bids
(b) include the preference points system to be used, goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;

(c) include evaluation and adjudication criteria, including any criteria required by other applicable legislation;

(d) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;

(e) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish –

(i) if the bidders is required by law to prepare annual financial statements for auditing, their audited annual financial statements – (aa) for the past three years; or (bb) since their establishment if established during the past three years;

(ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;

(iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;

(iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the Municipality is expected to be transferred out of the Republic; and

(f) 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.

(g) A requirement to supply a Valid tax references, Valid tax clearance certificates, VAT registration numbers and identification or registration numbers;

(h) Details of any contracts above R200 000 carried out on behalf of the Municipality within the last five years;

(i) A contract management processes and procedures including provision for the accounting officer to cancel the contract on the grounds of unsatisfactory performance;

(j) any other matters as required by the MFMA and the Supply Chain Management Regulations;

(k) Performance guarantees and retention.

(l) That the Municipality reserves the right to award the contract Partly or as whole

(m) That Price only will not necessarily be used as a determining factor but the Price must be Market related and represent Value for Money

(n) In Cases of Construction related Tender where CIDB certificate is required, CIDB Certificate or Surety will supersede Bank Rating

(o) For Labour Intensive Projects City Of Tshwane will give preference to companies that employ people who are registered on the City’s Indigent Register

(p) On large Turnkey Projects, it will be required of established companies to make use of SMME’s on City Of Tshwane’s SMME Development Construction Data Base

9.3 PUBLIC INVITATION FOR COMPETITIVE BIDS

(1) The procedure for the invitation of competitive bids is as follows:
(a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in at least two newspapers commonly circulating locally, but not limited thereto, the website of the City of Tshwane Metropolitan 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 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2)

(ii) a statement that bids may only be submitted on the original bid documentation provided by the City of Tshwane Metropolitan Municipality; and

(iii) date, time and venue of any proposed site meetings or briefing sessions. A briefing session must only be held to clarify some existing issues in the tender document and no new issues can be raised at such a meeting. No material changes can be made to the scope and no major changes can be made to the specification at such a meeting. Briefing sessions are the responsibility of the Department and they must see to the following: compilation of an agenda, attendance registers minutes of the meeting chairing of the meeting.

(2) The Bid Specification Committee may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

(3) Bids submitted must be sealed and be placed in the relevant box by the relevant vendor.

(4) For a bid to be considered it must comply with all the requirements of the bid documentation and be placed in the official tender box of the City of Tshwane Metropolitan Municipality.

(5) The Municipality may charge a non-refundable deposit for provision of bid documents. This is subject to annual review. Values of the deposits will be determined annually and included in the official lists of tariffs.

(6) The Chief Financial Officer or delegated official will ensure that tender boxes are sealed until the time of their official opening, and ensure that they are properly secured.

(7) At the advertised time, the tender box will be unlocked and opened in the presence of two officials. This will be done in public, and if present, in the presence of the bidders or other interested parties. A Supply Chain Management official will open bid documents. The tender box can be opened without any members of public being present provided that the appropriate procedure for advertising of the time and venue has been followed. Unmarked or incorrectly marked tenders must be opened to establish for which tender it was submitted and then handled accordingly.

(8) The names and total bid amounts will be read out and recorded in the tender
register, which will be available for public inspection on request. A copy of the record must be kept by the Procurement Manager and the original must be retained in Council's official filing system. In instances of bulk tender amounts that are too time-consuming to read out, only those request by bidders will be read, and a complete schedule provided as soon as is practical. Bid results will be published on the Municipality's website.

(9) Where bids are requested in electronic format, such bids must still be supplemented with sealed hard copies, placed in the tender box in accordance with the correct procedure and the latter will be the official tender response.

9.4 PROCEDURE FOR HANDLING, OPENING AND RECORDING OF BIDS

(1) Procedure for the handling, opening and recording of bids, are as follows: (a) Bids –

(i) must be placed in the dedicated box, by the vendor, before the closing time;
(ii) must be opened only in public;
(iii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
(iv) received or placed in the tender box after the closing time must be entered in the register as a late submission and should not be considered and returned as soon as possible.

(v) Bids placed in the incorrect box should not be considered if found to be late.
(vi) Any bidder or member of 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;
(vii) 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
(viii) The responsible official must –

(a) record in a register all bids received in time;
(b) make the register available for public inspection; and
(c) publish the entries in the register and the bid results on the website.

9.5 NEGOTIATIONS WITH PREFERRED 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.

(2) minutes of such negotiations must be kept for record purposes by the accounting officer

9.6 TWO-STAGE BIDDING PROCESS

(1) A two-stage bidding process is allowed for –

(a) large complex projects;
(b) projects where it may be undesirable to prepare complete detailed technical
specifications; or
(c) long term projects with a duration period exceeding 3 (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.

9.7. COMMITTEE SYSTEM FOR COMPETITIVE BIDS

A committee system for competitive bids should consist of at least –

(i) Bid specification committee
(ii) Bid evaluation committee
(iii) Bid adjudication committee

9.8. COMPOSITION OF COMMITTEES

The accounting officer should appoint members of each committee based on the following
guideline:

(a) Bid Specification Committee

A bid specification committee must be composed of two or more officials of the
municipality, preferably the manager responsible for the function involved, and may,
when appropriate, include external specialist advisors.

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

(b) Bid Evaluation Committees

A bid evaluation committee must be composed of officials from departments
requiring the goods or services, and representation from Supply Chain Management
Division.

(c) Bid Adjudication Committee

Bid Adjudication Committee must consist of at least four senior managers of the
municipality or municipal entity, which must include;

(i) The Chief Financial Officer or, if the Chief Financial Officer is not available,
another manager in the office of the Chief Financial Officer reporting directly
to the Chief Financial Officer and designated by the Chief Financial Officer;
(ii) At least one senior supply chain management practitioner who is an official
of the municipality
(iii) A technical expert in the relevant field who is an official of the municipality or
municipal entity, if the municipality has such an expert.
(iv) Legal and compliance representative

9.9. FUNCTIONS AND PURPOSE OF COMMITTEES

Following are functions and purposes of the different committees
(1) Bid Specification Committees

(a) A Bid Specification Committee must, on recommendation from a SED, finally approve the specifications for the procurement of goods or services by the municipality:

(b) Specifications –

(i) Must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services

(ii) Must take account of any accepted standards such as those issued by Standards South Africa, the international Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply.

(iii) Where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design.

* 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

* May not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the words "equivalent".

(iv) Must indicate each specific goal for which points may be awarded in terms of the points system set out in Section 10(7) of this policy (Setting Of targets) of the municipality.

(v) Must be approved by the Heads of the Departments prior to publication of the invitation for bids.

(2) Bid Evaluation Committees

(a) A bid evaluation committee must –

(i) Evaluate bids in accordance with –

* The specifications for a specific procurement; and

* The points system as must be set out in the supply chain management policy of the municipality in terms of Regulation 27(2) (f) and as prescribed in terms of the Preferential Procurement Policy Framework Act;

(ii) Evaluate each bidder’s ability to execute the contract;

(iii) Submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

(3) Bid Adjudication committees

(a) A bid adjudication committee must –

(i) Consider the report and recommendations of the bid evaluation committee; and

(ii) Either –
As per its delegation, make a final award on tenders from above R200 000 - R10 million and make recommendation to the accounting officer to make the final award on tenders above R10 million; or

* Make another recommendation to the accounting officer how to proceed with the relevant procurement.

Sections 79 and 106 of the MFMA empower the accounting officer of a municipality and municipal entity respectively to delegate decision-making powers to officials.

(4) The following should apply to acquisition of goods and services and the disposal and letting of assets:

(1) All delegations must be in writing to individual officials;

(2) No supply chain management duties or powers may be delegated or sub-delegated to a person who is not an official of the municipality/municipal entity or to a committee which is not exclusively composed of officials of the municipality/municipal entity;

(3) The accounting officer should decide whether he/she delegates decision-making powers regarding the final award of bids to the adjudication committee and what the threshold values in this regard should be;

(4) Should the accounting officer decide that the adjudication committee only awards bids up to a specified threshold value, bids above that threshold value should be referred to the accounting officer for finality;

(5) If a bid adjudication committee decides to award a bid other than the recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid, check whether that bidder’s municipal rates and taxes and municipal charges are not in arrears and request prior approval from the accounting officer.

(6) The accounting officer may, after due consideration of the reasons for the deviation, approve or reject the decision of the bid adjudication committee.

(7) If the deviation is rejected, the accounting officer may refer the decision of the Adjudication Committee back to the Adjudication Committee for reconsideration or approve the recommendation as accounting officer.

(8) The accounting officer may at any stage of the bidding process, refer any recommendation made by the Specification, Evaluation or Adjudication Committee with reasons back to that committee for reconsideration of the recommendation.

(9) If a bid other than the one recommended in the normal course of implementing the supply chain management policy of a municipality or municipal entity is approved, the accounting officer of the municipality or municipal entity must, in writing, within 10 working days notify the Auditor-General, the relevant provincial treasury and the National Treasury and, in the case of a municipal entity, also the parent municipality, of the reasons for deviating from such recommendations. This, however, does not apply if a different bid was approved in order to rectify an irregularity.
(10) The accounting officer may ratify any minor breaches of the procurement processes by an official or committee acting in terms of the delegated powers or duties which are purely of a technical nature.

(11) Reports containing information regarding the individual amounts of the awards, the contractor(s) and the reason why each contractor was the successful bidder, must be submitted within fifteen (15) working days of the end of each month to the accounting officer if these bids were awarded under delegated powers by the Chief Financial Officer, a senior manager or a Bid Adjudication Committee of which the Chief Financial Officer or a Senior Manager is a member. Similar reports must be submitted within fifteen (15) working days of the end of each month to the Chief Financial Officer if bids were awarded under delegated powers by a senior manager who awarded bids up to a maximum value of R2.0 million or a bid adjudication committee of which the Chief Financial Officer or Senior Manager is not a member.

10. **SUB-DELEGATIONS**

An accounting officer may in terms of Section 79 or 106 of the MFMA sub delegate any Supply Chain Management powers and duties as follows: The power to make a final award-

- Above R10 million (VAT included) **may not** be sub delegated by the accounting officer;
- Above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub delegated but only to—
  - the Chief Financial Officer (CFO)
  - a senior manager; or
  - a Bid Adjudication Committee of which the Chief Financial Officer or as senior manager is a member; or
- not exceeding R2 million (VAT included) may be sub delegated;
  - a Senior Manager;
  - to a Manager directly accountable to the Chief Financial officer or a Senior Manager; or
  - a Bid Adjudication Committee

A written report must within fifteen (15) days of the end of each month be submitted -

(a) to the accounting officer, in the case of an award by –

(i) the Chief Financial Officer;
(ii) a Senior Manager;
(iii) a Bid Adjudication Committee of which the Chief Financial Officer or a Senior Manager is a member; or

(b) to the Chief Financial Officer or a Senior Manager responsible for the relevant bid, in the case of an award by –

(i) a Manager directly accountable to the Chief Financial Officer; or

(ii) A Bid Adjudication Committee of which the Chief Financial Officer or a Senior Manager is **not a member**.

**NOTE:**
No decision-making in terms of any supply chain management powers and duties may be delegated to an advisor or consultant

(1) A committee system for competitive bids is hereby established, consisting of the following committees, for each procurement or cluster of procurements as the accounting officer may determine:
(a) Bid Specification Committee
(b) Bid Evaluation Committee; and
(c) Bid Adjudication Committee

(2) The accounting officer appoints the chairpersons and members of each committee, taking into account section 117 of the Act; and

(3) A neutral or independent observer, appointed by the Account Officer, can 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.

11 ADJUDICATION ON A POINT BASIS

The Preferential Procurement Policy Framework Act (Act No 5 of 200) provides the framework within which the Council’s points systems shall be established. The act provides that:

a) An organ of state must determine its preferential procurement policy and implement it within the following framework:

i. A preference point system must be followed;
   I. For contracts with a rand value above R500 000 a maximum of 10 points may be allocated for specific goals as contemplated in paragraph (iv) provided that the lowest acceptable tender scores 90 points for price;
   II. For contracts with a rand value equal to or below R500 000 a maximum of 20 points may be allocated for specific goals as contemplated in paragraph (iv) provided that the lowest acceptable tender scores 80 points for price.

ii. Any other acceptable tender which are higher in price must score fewer points, on a pro rata basis, calculated on their tender prices in relation to the lowest acceptable tender, in accordance with a prescribed formula;

iii. The specific goals may include –
   i. Contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender or disability;

iv. Any specific goal for which a point may be awarded must be clearly specified in the invitation to submit a tender,

v. The contract must be awarded to the tenderer who scores the highest points unless objective criteria in addition to those contemplated in paragraph (iv) and (v) justify the award to another tenderer.

b) The Council has adopted a policy that an 80/20 formula shall apply to all contracts with an estimated rand value below R500 000 limit prescribed by the Minister of Finance from time to time and that a 90/10 formula shall apply to all contracts with an estimated value above R500 000 limit. The Preference is
based on points where

i. Cost of work (maximum) 80/90 points scored: 80 or 90 \(1-(T-T_1)\) \(T_1\) where \(T_1\) = the lowest responsive tender (offer) which is Realistically priced \(T\) = the respective tender under consideration

ii. Equity owned by historically disadvantaged individuals 20 or 10 points where Maximum 100% equity = 20 or 10 points Maximum 0% equity = 0 and pro-rata within the limits.

NOTE The equity % shall be based on ownership as set out in relevant registration papers (e.g. articles of association / partnership agreement, etc.)

Points scored will be rounded off to 2(two) decimal places. In the event that two or more tenders have scored equal total points, the successful tender must be the one scoring the highest number of preference points for specified goals. Should two or more tenders, after the above, still be equal in all respects, the award shall be decided by the drawing of lots.

c) Allocation of Preferential Points

Section 17(3) of the Regulations of the Preferential Procurement Policy Framework Act 5 of 2000 state that:

(unaltered)

"Over and above the awarding of preferential points in favour of HDI's, the following activities may be regarded as a contribution towards achieving the goals of the RDP (published in Government Gazette no. 16085 dated 23 November 1994):

(a) The promotion of South African owned enterprises;
(b) The promotion of export orientated production to create jobs;
(c) The promotion of SMME's;
(d) The creation of new jobs or the intensification of labour absorption;
(e) The promotion of enterprises in a specific province for work to be done or services to be rendered in that province;
(f) The promotion of enterprises located in a specific region for work to be done or services to be rendered in that region;
(g) The promotion of enterprises located in a specific municipal area for work to be done or services to be rendered in that municipal area;
(h) The promotion of enterprises located in rural region;
(i) The empowerment of the work force by standardising the level of skill and knowledge of workers;
(j) The development of human resources, including by assisting in tertiary and other advanced training programmes, in line with key indicators such as percentage of wage till spend on education and training and improvement of management skills; and
(k) The upliftment of communities through, but not limited to, housing, transport, schools, infrastructure donations, and charity organisations."

The CoT Municipality Council award points for Historically Disadvantaged Individuals as defined in the PPPF Act and BBBEE Act which means a South African citizen:

1) who, due to the apartheid policy that had been in place, had no franchise in national elections prior to the introductions of the Constitution of the Republic of South Africa, 1983 (Act no 110 of 1983) or the Constitution of the Republic of South Africa, 1983 (Act no 110 of 1983) or the Constitution of the Republic of South Africa (Act no 200 of 1993) (“the
Interim Constitution") and /or;
2) Who is female; and / or ;
3) Who has a disability.
4) Youth

Provided that a person who obtained South African citizenship on or after the coming to effect of the Interim Constitution, is deemed not to be an HDI.

However in order to empower women owned businesses, youth, disabled and SMME's the preference points of 80/20 and 90/10 will be allocated as follows (as captured in Section 17 which deals with setting of targets for 2007 / 2008 Financial year):

1. **Contracts below R500 000.00 (80/20 points system)**
   
   80 Points for Price
   
   16 Points for persons who did not have Franchise in National Elections before 1983 and 1993
   0.5 Point for Small and Micro Enterprises
   0.5 Points for Women
   1 Points for Youth
   1 Point For Disabled persons
   1 Point for Local Enterprises (Tshwane based not a satellite office)

   We cannot guarantee business to a company that score less than 5 HDI points even if they are the cheapest in terms of Price.

2. **Contracts above R500 000 (90/10 point system)**
   
   90 Points for Price
   
   8 Points for Persons who did not have Franchise in National Elections before 1983 and 1993
   0.50 Points for women
   0.50 Point for Disabled persons
   1 Point for Local Enterprises (Tshwane based not a satellite office)

   We cannot guarantee business to a company that score less than 6 HDI points even if they are the cheapest in terms of Price.

(8) **Cancellation and re-invitation of tenders**

(a) In the event that, in the application of the 80/20 preference point system as stipulated in the tender documents, all tenders received exceed the estimated rand value of R500 000.00, the tender invitation must be cancelled.

(b) In the event that, in the application of the 90/10 preference point system as stipulated in the tender documents, all tenders received are equal to, or below R500 000.00, the tender must be cancelled.

(c) If a tender has been cancelled as contemplated in (a) or (b) the Council may re-invite tenders and stipulate the preference point system to the applied. The Council may, prior to the award of tender, cancel a tender if –

(i) due to changed circumstances, there is no longer need for the goods or services tendered for; or
(ii) funds are no longer available to cover the total envisaged expenditure; or
(iii) no acceptable tenders are received.

(9) **Duty to plan for Invitation of tenders**

The municipality shall, prior to making an invitation for tenders –

(a) properly plan for, and, as far as possible, accurately estimate the costs of, the provision of services or goods for which an invitation for tenders is to be made;
(b) determine the appropriate preference point system to be utilized in the evaluation of the tenders; and
(c) determine the deliverables or performance indicators in terms of which a person awarded a contract will be assessed.

(10) **Non-award of HDI points**

(a) Note that no HDI equity points will be allowed for equity ownership, claimed by the tenderer, if the allocation and proof of the points is not as defined in the PPPFA and the relevant regulations. All claims must be substantiated by the full and correct documentary proof. In cases where Service Provider is not registered with City Of Tshwane Vendor Registration Section All documentation should be submitted with the Proposal. If not the City Of Tshwane may request service providers to submit the additional Info within 7days.

(11) **Award to an agent**

(a) An agent will if awarded a tender, be regarded as a contractor and ill be liable for all benefits/losses.

12. **PROCUREMENT OF BANKING SERVICES**

(1) Banking services –
   (a) must be procured through competitive bids;
   (b) must be consistent with Section 7 of the Act; and
   (c) may not be for a period of more than 5 (five) years at a time.

(2) The process for procuring banking services must commence at least 9 (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 paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act no 94 of 1990).

13. **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 the contract to be procured whether for one or more years exceeds R50 million (VAT included).

(4) If SITA comments on the submission and the City of Tshwane Metropolitan 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.

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

(1) The municipality 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 not 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(9c)) and (d) of the MFMA Regulations do no 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.

15. 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 gasses 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.

16. PROUDLY SA CAMPAIGN

The City of Tshwane Metropolitan Municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:

* Firstly – suppliers and businesses within the City Of Tshwane Municipality Jurisdiction Area.
* Secondly – suppliers and businesses within Gauteng;
* Thirdly – suppliers and businesses within the Republic of South Africa.

17. APPOINTMENT OF CONSULTANTS

(1) The municipality may procure consulting services through competitive bids provided that any National Treasury guidelines in respect of consulting services are taken into account when such procurements are made.

Any such procurement above the value of R200 000 will be subject to the competitive bidding process.
All requests for the Appointment of Consultants to be tabled at the Mayoral Committee First prior to approval of Specifications and Prior to Advertisement of such requests.

(2) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of—
(a) all consultancy services provided to an organ of state in the last five years; and
(b) any similar consultancy services provided to an organ of state in the last five years.

(3) 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 City of Tshwane.

(4) The appointment of advisors must also follow the same competitive bidding process as set out in this policy.

(5) No advisor will take any part in the final decision-making process regarding the award of bids.

(6) No decision-making authority can be delegated to an advisor.

18. 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 to procure any required goods or services through any convenient process, which may include direct negotiations—

(i) in an emergency
(ii) where the accounting officer determines that it is impractical to invite competitive bids for specific procurement such as urgent or emergency cases, or in the case of a sole supplier, he may in consultation with the Chief Financial Officer procure the goods or services by other means such as price quotations or negotiations, or reduce the required advertising period from 30/14 days to an appropriately deemed period. The reasons for deviation from inviting competitive bids must be recorded and approved by the accounting officer.

(iii) Where it can be demonstrated that only one service provider can supply a particular service then a contract can be awarded by the accounting officer to that service provider subject to approval by the Bid Adjudication Committee

(iv) for the acquisition of special works or art or historical objects where specifications are difficult to compile;

(v) acquisition of animals for zoos and/or nature or

(vi) in any other exceptional case where it is impractical or impossible to follow the official procurement processes;

(vii) for the acquisition of goods and services from other Organs of State; and
(b) 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 the reasons 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.

18.1.1.1 PROCEDURES FOR DEVIATIONS

1. Poor Planning does not constitute an Emergency

2. An Emergency is defined as an unexpected and sudden event that must be dealt with urgently and where there is an immediate threat to life and limb.

3. In cases where it is Impractical or impossible to follow Official Procurement Process it must be shown where and how the Market was tested, why it is impractical to go to Quotation or Tender, the Provider chosen was undertaken in a fair manner so as not to prejudice other potential providers.

4. With regards to Deviations for goods or Services above the R200 000 Threshold reports that are submitted in accordance with Section 36 of the SCM Regulations must be directed to the Committee system, thereafter the report will be submitted to the Accounting Officer for approval. Specification for all Deviations should be approved by the Bid Specification Committee.

5. Prior to obtaining any Quotation from the Market a Deviation report is to be submitted to Legal Services and SCM Unit for Comments and the Delegated Officials from two Units prior to capturing their comments must check the following:
   (a) Is the Motivation Valid
   (b) Is there sufficient reasons for not following the Competitive Bidding Process
   (c) Is there adequate Finance
   (d) Is the process Fair, Equitable, transparent, and Cost Effective
   (e) Upon Approval of the Deviation by the Delegated Official or Accounting Officer SCM Unit to Solicit Quotations on the Market and Evaluate proposals based on the Preferential Framework Act, all necessary documentation should be attached on the final Deviation Report (Valid Tax Clearance, Proof that Municipal Accounts of the Directors of the Company are in order. After Evaluation Of Proposals the Delegated Official (Preferably form within SCM Unit) will grant approval.
   (g) Departments are prohibited from contacting any service provider until approval is granted by the Delegated Official or Accounting Officer.

19. UNSOLICITED BIDS

(1) In accordance with Section 113 of the MFMA 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 were 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 7 (seven) days after the decision on the award of the unsolicited bid is taken, but no contract committing the City of Tshwane Metropolitan Municipality to the bid may be entered into a signed within 30 days of the submission.

20. COMBATING OF ABUSE OF SUPPLY CHAIN MANAGEMENT SYSTEM

(1) The accounting officer must –
(a) take all reasonable steps to prevent abuse of the supply chain management system;
(b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this policy, and when justified –
(i) take appropriate steps against such official or other role player; or
(ii) report any alleged criminal conduct to the South African Police Service;

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(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 the bidder or any of its directors to the City of Tshwane Metropolitan 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 City of Tshwane Metropolitan 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 tenderer if –
   (i) the person/entity 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 City of Tshwane Metropolitan 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).

(h) No person 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. Procurement is limited to R200 000.00 (vat inclusive) per commodity type per month unless a competitive bidding process has been undertaken. The Municipal Manager shall promptly institute disciplinary action against any person infringing this requirement.

(i) No official shall engage in contact with a prospective supplier in respect of a quotation or tender which the supplier intends to submit except where clarification of requirements 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.

(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.
PART 3: LOGISTICS, DISPOSAL, RISK, PERFORMANCE AND CONTRACT MANAGEMENT

21. LOGISTICS MANAGEMENT

(1) The accounting officer must establish and implement an effective system of logistics management, which must include the following -

(a) **Stock-holding**

Central stores are only to hold stock complying with the following criteria:

(i) **Essential Goods** – Only items whose immediate availability is considered essential to maintain a municipal service.

(ii) **Bulk Purchased supplies** – Items of sufficient demand in common use which offer a reduction in cost over direct supply taking into account stock-holding costs.

(b) **Internal Requisitions**

Where stocks are held in a central store, items must be **FIRSTLY** requisitioned internally as the sole source of supply.

(c) **Stores Procedures**

To be operated for the regulation of stock levels and movement to provide adequate management information numerically and financially in accordance with any procedural notes which must be issued by the Director Logistics.

(d) **Warehouse Management**

(i) **Receiving of stock items**

Stock items received should be verified with the purchase order and inspected for proper quantities to ensure receipt of what was ordered. The delivery note is then signed indicating acceptance of goods received.

(ii) **Issuing of stock items**

Stock items should be issued only on the authority of a properly approved, pre-numbered reservation, authorised by the relevant Business Unit's or Cost Centre Owner, which should give the following information:

- Source and date of the requisition;
- Account(s) to be charged;
- On each item: quantity, unit stock number, description, unit price, and total rand value.

Processing should be done online in all the times prior to the issuing of any stock item.

(iii) **Shelving**

Stores personnel should categorise and organise storage areas for efficient, logical, and safe storage of all supplies.
(iv) Purchase requisitions for stock items

All purchase requisitions for stock replenishment must have the approval of the Executive Director : SCM prior to acquisitions.

(v) Expediting of orders

If the delivery conditions reflected on the purchase order form are not complied with, it should be followed up with the supplier immediately, and cancelled if applicable.

(vi) Access

Central Stores should be operated as a closed store, whereby; customers and Suppliers are excluded from the stores area except on a specially approved or escorted basis.

(vii) Damaged Goods

Damaged goods should not be received from suppliers must be returned to the supplier for credit or replacement.

(e) Stock Reviews

In order to manage the stores operations effectively, the Strategic Business Units should continually review their stock holding based on information such as number of issues, levels of service achieved, total value of stock held and stock turnover.

Redundant and obsolete stock should be identified and cleared regularly by the relevant Strategic Business Units.

(f) Stock Levels

The following should be determined to maintain the optimum stock levels:

- Minimum, maximum and re-order levels;
- Slow moving or obsolete stock.

(g) Annual Stock taking Procedures

(i) The last month of the financial year all stores of Logistics Management closes for year-end inventory counts. Stores are scheduled to be counted on specific dates during the last month. All stores counted in a specific period are blocked from any transaction (issues and receipts) during the counting period.

(ii) After the computer system has been updated, a physical Inventory document is printed from the computer system per store. This document contains stock number, bin location, storage location and complete description and a column for the count.
(iii) The person conducting the inventory counts all items and makes appropriate notations on the inventory sheet. At the conclusion of each storage location per store the person dates and signs the inventory sheet.

(iv) The physical counted figures as per (iii) are captured on the computer system. The computer system generates a “difference report” that indicates all discrepancies between physical count an actual inventory as indicated on the system. All discrepancies are double checked and investigated. The Executive Director: SCM will make appropriate adjustments to correct inventory records to actual count. The Chief Financial Officer will approve the report regarding all adjustments made.

(v) All printouts, original documents, work papers, adjustments and corrected inventory printouts are placed on file in the Stock Control Section.

(vi) An Emergency procedure exists to issue inventory during the stock take period.

(h) **Reporting**

Stores should provide a monthly report, which must include information relating to:

(a) Total value of monthly issues;

(b) Usage by the Strategic Business Units;

(c) Average stock holding;

(d) Price structure;

(e) Expenditure by commodity group; and

(f) Expenditure by suppliers for stock replenishment.

(g) Outstanding Deliveries

22. **DISPOSAL MANAGEMENT**

(1) According to Section 14 of the MFMA the Municipal Council will dispose assets using the following ways -

(a) Transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;

(b) Transferring the asset to another organ of state at market related value or, when appropriate, free of charge

(c) Selling the asset at market related price or auction

(d) Destroying the asset if obsolete

The disposal of municipal assets are subject to –

(a) The MFMA;
(b) The Supply Chain Management Regulations promulgated in terms of the MFMA;
(c) The Municipal Asset Transfer (MAT) Regulations promulgated in terms of the MFMA;

The disposal and letting of assets, including unserviceable, redundant and obsolete assets should be fair, equitable, competitive and transparent.

(2) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to Sections 14 and 90 of the MFMA Act, and Council's GRAP Policy and Procedures must be fair, equitable, transparent, competitive and cost effective.

(3) A municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal service.

(4) A municipality may transfer ownership or otherwise dispose of a capital asset other than one contemplated in subsection 3 but only after the municipal council, in a meeting open to the public

(a) Has decided on a reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services.

(5) A decision by a municipal council that a specific capital asset is not needed to provide the minimum level of basic municipal service, may not be reversed by the municipality after that asset has been sold, transferred or otherwise disposed of.

(6) Any transfer of ownership of a capital asset in terms of subsection 7.2 must be fair, equitable, transparent, and competitive.

(7) Section 59.(1) to 59.(4) of the MFMA does not apply to the transfer of a capital asset to another municipality or to a municipal entity or to a national or provincial organ of state in circumstances and in respect of categories of assets approved by the National Treasury, provided that such transfers are in accordance with the prescribed framework.

(8) The following are additional conditions under which the capital assets may be sold

(a) The executive committee or Executive Mayor will recommend to Council decision to expropriate immovable property or rights in or to immovable property.

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

(c) In the case of the free disposal of 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; and

(d) In the case of the disposal of firearms, the National Conventional Arms Control Committee has approved any sale or donation of firearms to any person or institution within or outside the Republic.
(9) Immovable property will be let under the following conditions:

(a) Market related rates should be used except when the public interest or the plight of the poor demands otherwise

(a) All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property must be annually reviewed

(10) Where assets are traded in for other assets, the highest possible trade-in price should be negotiated.

(11) The 80/20 or 90/10 point system will apply to competitive bidding, which relate to the sale or letting of assets respectively, depending on the value of the asset

(12) Immovable property may be sold only at Market related prices except where the Public Interest or the plight of the poor demands otherwise

(13) DISPOSAL MANAGEMENT FRAMEWORK

DELEGATIONS AND SUB-DELEGATIONS

(1) The authority to make the determinations and subsequently in principle approve the disposal of movable assets with a value of less than R1 million in terms of section 14(2) (a) and (b) of the MFMA as set out in MAT regulation 5(1) (b) (i) and (ii) is delegated to the accounting officer in terms of paragraph 5(6) of the MAT regulations.

13.2 DISPOSAL CATEGORIES

A NON EXEMPTED CAPITAL ASSETS

(1) General determinations
(a) The fair market value of all non-exempted capital assets should be determined before the transfer or disposal thereof is considered.
(b) Where assets are traded in for other assets, the highest possible trade-in price should be negotiated.

(2) In principle approval
(a) A capital asset may only be transferred or otherwise be permanently disposed of after the determinations have been made and any in principle approval has been granted in terms of sub-section 14 (2) of the MFMA as set out in MAT Regulation 5(1)(b)(i) and(ii).

(3) Advertising of proposed disposals in terms of the Local Government Ordinance 1939
(a) The proposed disposal of a non-exempted immovable capital asset should be advertised for objections in terms of section 79(18) of the Local Government Ordinance, 1939, if a public participation process is not required, as set out in sub -paragraph (4) and any objections should be submitted for consideration with the proposal in terms of MAT regulation 5(1) (b) (i) and (ii).
(4) Public Participation Process

(a) Capital assets may only be transferred or otherwise disposed off after the accounting officer has conducted a public participation process to facilitate the determinations and in principle approval in terms of section 14(2) of the MFMA, if

(i) the fair market value of the capital asset exceeds any of the following amounts:

(aa) R50 million;
(bb) One percent of the total value of the capital assets of the Municipality as determined from the latest available audited annual financial statements of the Municipality.

(ii) If the combined value of any capital assets that the Municipality intends to transfer or dispose of in the relevant financial year exceeds five percent of the total value of its assets as determined in the latest audited financial statements.

(a) (i) Only the Municipal Council may authorise the public participation process referred to in sub-paragraph (a).

(ii) A request to the Municipal Council for authorisation of a public participation process must be accompanied by an information statement stating:

(aa) The valuation of the capital asset to be transferred or disposed of and the method of valuation used to determine that valuation;

(bb) The reasons for the proposal to transfer or dispose of the capital asset;

(cc) Any expected benefits to the Municipality that may result from the transfer of disposal;

(dd) Any expected proceeds to be received by the Municipality arising from the transfer of disposal; and

(ee) Any expected gain or loss that will be realised or incurred by the Municipality arising from the disposal.

(c) If the municipal council has in authorised the accounting officer to conduct a public participation process in connection with any proposed transfer or disposal of a high value capital asset or other asset referred to in MAT regulation 5(2), the accounting officer must at least 60 days before the meeting of the council at which the determinations referred to in MAT regulation 5(1) (b) are to be considered-

(i) in accordance with section 21A of the Municipal Systems Act – make public the proposal to transfer or dispose of the capital asset together with the information statement referred to in paragraph (b)(i); and

(aa) invite the local community and other interested persons to submit to the Municipality comments or representations in respect of the proposed transfer or disposal of the capital asset; and

(bb)
(ii) solicit the views and recommendations of the National Treasury and the provincial treasury on the matter.

(5) Consideration of proposals and applications

(a) The municipal council and the accounting officer in cases where the authority has been delegated, must, when considering any proposed transfer or disposal of a non-exempted capital asset in terms of MAT regulation 5(1)(b)(i) and (ii), take into account—

(i) whether the capital asset may be required for the Municipality’s own use at a later date;

(ii) the expected loss or gain that is expected to result from the proposed transfer or disposal;

(iii) the extent to which any compensation to be received in respect of the proposed transfer or disposal will result in a significant economic or financial cost or benefit to the Municipality;

(iv) the risks and rewards associated with the operation or control of the capital asset that is to be transferred or disposed of in relation to the Municipality’s interests;

(v) the effect that the proposed transfer or disposal will have on the credit rating of the Municipality, its ability to raise long-term or short-term borrowings in the future and its financial position and cash flow;

(vi) any limitations or conditions attached to the capital asset or the transfer or disposal of the asset, and the consequences of any potential non-compliance with those conditions;

(vii) the estimated cost of the proposed transfer or disposal;

(viii) the transfer of any liabilities and reserve funds associated with the capital asset;

(ix) any comments or representations on the proposed transfer or disposal received from the local community and other interested persons;

(x) any written views and recommendations on the proposed transfer or disposal by the National Treasury and the relevant provincial treasury;

(xi) the interests of any affected organ of state, the legal and economic interests and the interests of the local community; and

(xii) compliance with the legislative regime applicable to the proposed transfer or disposal.

(b) An approval in principle in terms of regulation 5(1)(b)(ii) that a non-exempted capital asset may be transferred or disposed of, may notwithstanding anything to the contrary in this policy, be given subject to any conditions, including conditions specifying—

(i) the way in which the capital asset is to be sold or disposed of;

(ii) a floor price or minimum compensation of the capital asset;

(iii) whether the capital asset may be transferred or disposed of for less than its fair market value, in which case the criteria set out in MAT regulation 13(2) must first be considered;

(iv) a framework within which direct negotiations for the transfer or disposal of the capital asset must be conducted with another person, if the transfer or disposal is subject to direct negotiations.

(c) A decision by the municipal council that a specific capital asset is not needed to provide the minimum level of basic municipal service, may in terms of
section 14 of the MFMA not be reversed by the Municipality after that asset has been sold, transferred or otherwise disposed of.

(2) **Disposal Mechanisms**

The following disposal mechanisms should be used unless determined otherwise in terms of paragraph 21.3 A (5)(b) of this policy.

(a) **Immovable Assets**

(i) The following Immovable Capital Assets should be sold out of hand if only one unsolicited bid or application is received for the purchase of such asset:

(aa) Redundant portions of land and portions of land require for gardening purposes of less than 450 square meters in extent;

(bb) Church sites;

(cc) Unimproved residential sites.

(ii) Transfers and disposals of immovable assets other than in terms of sub-paragraph (a) (i):

(iii) Subsidiary assets attached to immovable assets which are unsafe and/or not economically viable to repair, maybe destroyed after in principle approval has been obtained in terms of section 14(2) of the MFMA, subject thereto that

(aa) In case of a building, the necessary permit be obtained from the City Planning Division.

(bb) The assets may be destroyed with in-house capacity or a service procured through the procurement processes set out in this policy.

(b) **Movable Assets:**

(ii) The following disposal methods should be used in respect of movable assets:

(iv) obsolete and redundant movable assets which cannot be disposed of in terms of the afore-going mechanisms, may be destroyed after in principle approval has been obtained in terms of section 14(2) of the MFMA- subject thereto that

(aa) The assets may be destroyed with in-house capacity or a service procured through the procurement processes set out in this policy.

(2) The disposal mechanisms set out in this paragraph do not apply to the transfer of a non-exempted capital asset if –

(a) the Municipality-

(i) reviews in terms of Chapter 8 of the Municipal Systems Act its service delivery mechanisms for the performance of a municipal service;
(ii) appoints a private sector party through a competitive bidding process as the service provider for the performance of that municipal service; and

(iii) transfers the capital asset as an integral component of the performance of that municipal service to that service provider; or

(b) the Municipality—

(i) appoints a private sector party or organ of state through a competitive bidding process as the service provider for the performance of a commercial service; and

(ii) transfers the capital asset as an integral component of the performance of that commercial service to that service provider.

(3) The Municipality may negotiate directly with the selected service provider regarding the transfer of a capital asset referred to in sub-paragraphs (2) (a) or (b).

(4) The Municipality may not commence with the process referred to in sub-paragraph (1) or negotiations referred to in sub-paragraph (3) unless approval in principle has in terms of MAT regulation 5(1)(b)(iii) been given that the relevant capital asset may be transferred or disposed of.

(5) In applying the process referred to in sub-paragraph (1) or conducting negotiations referred to in sub-regulation (3), the Municipality must consider the gain or loss that will—

(a) result from the transfer or disposal of the relevant capital asset; and

(b) be recorded in the accounting records of the Municipality.

(6) If the Municipality intends to transfer to a private sector party or organ of state a non-exempted capital asset following the selection through a competitive bidding process of a service provider for the performance of a municipal service or for the performance of a commercial service—

(a) all assets needed or directly related to the performance of that service must be properly identified to distinguish those assets from the other assets of the Municipality;

(b) all decisions referred to in MAT regulation 5(1)(b)(i) and (ii) relating to the transfer of the capital asset must be taken as an integral part of the broader decision-making process on the appointment of a service provider for the performance of that service; and

(c) all documents prepared for the purpose of those decisions, must be taken into account in any feasibility study conducted to determine the financial and other implications of appointing a service provider for the performance of that service.

(7) Compensation for transfer of non-exempted municipal capital assets

(a) The compensation payable to the Municipality or for the transfer of a non-exempted capital asset must, subject to sub-paragraphs (b) and (c), reflect fair market value.

(b) The minimum selling prices of immovable property be determined as set out in the Supplementary Alienation Policy Framework attached as Annexure to the this Supply Chain Management Policy.
(c) If the Municipality on account of the public interest, in particular in relation to the plight of the poor, intends to transfer a non-exempted capital asset for less than its fair market value, the Municipality must, when considering the proposed transfer, take into account –

(i) the interests of the State and the local community
(ii) the strategic and economic interests of the Municipality, including the long-term effect of the decision on the Municipality;
(iii) the constitutional rights and legal interests of all affected parties;
(iv) whether the interests of the parties to the transfer should carry more weight than the interest of the local community, and how the individual interest is weighed against the collective interest; and
(v) whether the local community would be better served if the capital asset is transferred at less than its fair market value, as opposed to a transfer of the asset at fair market value.

(8) Discharge of borrowings on assets transferred or disposed of

(a) The proceeds received from the transfer or disposal of an asset must be used to discharge any borrowing against the asset as at its redemption date, or another date as may be negotiated with the lender.

(b) Sub-paragraph (a) may not be read as preventing the Municipality from negotiating with the private sector party or organ of state to whom an asset is transferred, to take over, as part of the compensation payable to the Municipality, any borrowing the Municipality made against the asset.

(9) Transfer agreements

(a) The Municipality may transfer assets approved for transfer to a private sector party or organ of state in terms of this policy, only by way of a written transfer agreement concluded between the Municipality and the receiving private sector party or organ of state.

(b) A transfer agreement must set out the terms and conditions of the transfer, including, at least –

(i) a sufficient description of the capital asset being transferred in order to identify the asset;
(ii) particulars of any subsidiary assets that are transferred with the capital asset;
(iii) particulars of any liabilities transferred with the asset;
(iv) the amount of compensation payable to the Municipality for the transfer of the asset or assets, and the terms and conditions of payment; and
(v) the effective date from which the risk and accountability for the asset or assets is transferred to the receiving party.

(c) If a capital asset is transferred following the selection of a service provider for the performance of a municipal service referred to in MAT regulation 12(2)(a) or for the performance of a commercial service referred to in MAT regulation 12(2)(b), through a competitive bidding process, the transfer agreement –

(i) must make provision for –

(aa) contract termination in the case of non- or underperformance;
(bb) dispute resolution mechanisms to settle disputes between the parties; and
(cc) a periodic review of the agreement once every three years, in the case of an agreement for longer than three years; and

(ii) may be incorporated into any service delivery agreement or procurement contract to be concluded with the service provider.

(10) Access to transfer agreements
(a) An agreement in terms of which the Municipality transfers a non-exempted capital asset in terms this policy –
   (i) must be made available in its entirety to the council of the Municipality; and
   (ii) may not be withheld from public scrutiny except as provided for in terms of the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000).

(11) Non-Exempted Capital Assets not Transferred or Disposed of in terms of this Policy
(a) Housing Schemes: This Policy is not applicable to housing schemes and disposals for the plight of the poor.
(b) Public Private Partnerships: The transfer and disposal of non-exempted capital assets emanating from PPP agreements should be done in terms of section 14 of the MFMA read with the Municipal public Partnership Regulations promulgated in terms of the said Act.

B EXEMPTED CAPITAL ASSETS

(1) An exempted capital asset means a capital asset which is transferred to another Municipality or a municipal entity or an organ of state in circumstances approved by the National Treasury and which fall in a category of assets approved by the National Treasury.

(2) The transfer and disposal of exempted capital assets should be handled in terms of CHAPTER 3 of the MAT Regulations:

C ASSETS IN RESPECT OF WHICH LEASE RIGHTS ARE GRANTED

(1) LEASE RIGHTS WHICH CONSTITUTE A DISPOSAL OTHER THAN BY MEANS OF A TRANSFER OF OWNERSHIP
(a) A lease should be dealt with as if it is a transfer of ownership and should be handled in terms of paragraph 21.3 A of this policy, irrespective of the intended usage and value of a property, if the lease:-

   (i) is granted for an indefinite or undetermined period,
   (ii) exceeds the economic usefulness of the land asset and which would require the asset, in order to remain economically useful. To be substantially upgraded, altered or replaced during the period for which the right is granted (i.e. the total refurbishment of a building)
   (ii) confers on the lessee an option to buy or acquire ownership of the capital asset
(iv) confers on the lessee the power to use, control or manage the land asset as if that lessee is the beneficial (but not legal) owner of the land asset;

(b) Immovable property will be let under the following conditions:
   (i) Market related rates should be used except when the public interest or the plight of the poor demands otherwise
   (ii) All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property must be annually reviewed.

(2) OTHER LEASE RIGHTS

(a) Lease rights in respect of land assets, other than those mentioned in paragraph (1) which do not constitute a permanent disposal, should be handled in terms of the processes set out in the Alienation Policy Framework attached as appendix to the SCM policy.

(b) Paragraph 21.3 C (1) (b) also applies to leases which do not constitute a disposal of a capital asset.

13.3 DISPOSAL OF REDUNDANT AND OBSOLETE GOODS, STOCK AND MATERIALS

(1) Goods and stock do not meet the requirements of capital assets, as it cannot continuously and repeatedly be used for a period of more than one year in the production or supply of goods and services or for administrative purposes, or for rental to others and future economic and social benefit cannot be derived from them.

(2) Redundant and obsolete stock must be reported to the Chief Financial Officer on a quarterly basis, including the values of the said stock and the reasons why they have become redundant or obsolete.

(3) All determinations with regard to the advertising and selling or destruction of movable assets set out in this policy are mutatis mutandis applicable to the disposal of redundant and obsolete stock which have been written off by the Chief Financial Officer in terms of the relevant delegation.

23. RISK MANAGEMENT

1. Responsibility Of Risk Management

   • The accounting officer shall ensure that the City of Tshwane has and maintains and effective system of risk management for the identification, consideration and avoidance of potential risk in the Supply Chain Management system.
   • Aspects of risk management shall be allocated to the Chief Financial Officer, the Supply Chain Management practitioners, the internal audit function and the Audit Committee, each of which shall ultimately be accountable to the accounting officer or the Board for the discharge of their responsibilities.

Risk management in Supply Chain is a key responsibility of the accounting officer who should receive advice thereon from the internal audit function and the Audit Committee.
Risk management in Supply Chain is however, a continuous and proactive process that relates to all organisational activities at all levels. All Supply Chain Management practitioners must have a thorough understanding of the risk involved in the activities under their control and actively and pro-actively work towards managing these risks. Each practitioner has a responsibility towards risk management.

2. Elements Of Risk Management

The element of risk management therefore are:

Assessing the nature and extent of the risk associated with the City of Tshwane operations.

Deciding on an acceptable level of loss or degree of failure

Deciding how to manage/minimise/mitigate the risk.

Monitoring, reporting and from time to time re-assessing the level and implications of risk exposure.

Guarantees

Performance guarantees should be commensurate with the degree of contractual risk to which the City of Tshwane is exposed.

In case of large and complex contracts, it is advisable to call for bid guarantees to prevent the submission of irresponsible bids.

Performance guarantees should spread the cost of the risk of failure between the contracting parties and should be set at such a level that all the City of Tshwane’s costs relating to such failure are likely to be recovered.

It would be prudent to make adequate provisioning in all engineering and construction works contracts for retention and/or guarantees to ensure that monies are available to rectify defects.

Performance bonds in engineering and construction works contracts should be waived in low value, low risk contracts or where a third party carries the risk of failure in an acceptable manner.

24. SUPPLY CHAIN PERFORMANCE MEASUREMENT

City Of Tshwane must submit to the National Treasury, Provincial Treasury and the Auditor-General such Supply Chain Management information as they may require and in such format and at such intervals as specified. City of Tshwane will implement an information gathering, recording, reporting and performance measurement system to facilitate the above and to promote good governance.

1. Management Information

From the gathered information the prescribed external and internal management reports must be compiled and distributed.
2. **Performance Measurement**

The Supply Chain Management Unit is responsible to measure City of Tshwane Municipality’s progress regarding the achievement of the goals by using the pre-determined criteria. The results of this measurement will then be included in external and internal reports as prescribed.

3. **Record Keeping**

3.1 Achieving of predetermined targets

a. City of Tshwane must gather as much information as possible on a continuous basis to adapt to the changing environment and Government’s reporting requirements pertaining to supply chain management.

b. Keeping complete records pertaining to supply chain management will assist City of Tshwane in their performance monitoring and reporting role.

c. Apart from records, City of Tshwane should also maintain a proper filling system per requisition and Purchase Order and within the SAP electronic financial management system.

3.2 Record keeping system

a) The necessary information, to satisfy the internal and external reporting requirements, has to be kept in an orderly manner. The gathering of information and recording system must provide for the type of information required, deadlines and the allocation of duties and responsibilities.

b) Please note that record keeping does not replace the normal filling system that contains the hard copy of each case.

c) The necessary records can be maintained either manually or electronically and does not have to be a formal register. As such a list or spreadsheet will surface; information can be incorporated into a single record where possible. The consolidation of the required returns and forwarding thereof has to be allocated to the responsible person or section.

3.3 Records to be kept for requisitions, Purchase Orders and tenders

i. Record of verbal and written quotations and formal written quotations

ii. List of bid documents issued

iii. Record of ad hoc bids

iv. Record of Specific Term Contracts

v. Record of deviation processes

vi. Record of complaints received from bidders or contractors

vii. Record of declaration of interest

viii. Record of gifts received

ix. Record of instances of fraud of corruption

x. Record of irregular, fruitless and wasteful expenditure
xi. Record of circulars distributed within City of Tshwane

4. Information to be placed on the website of the City of Tshwane

The following information must be published on the City of Tshwane Municipality websites as and then required:

<table>
<thead>
<tr>
<th>RESPONSIBLE PERSON</th>
<th>REPORTING OBLIGATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>The accounting officer or delegate</td>
<td>Must publish the entries in the bid register and the bid results.</td>
</tr>
<tr>
<td></td>
<td>Any requirements in excess of R30 000 (VAT included), and to be procured by means of formal written price quotations, must be advertised for at least 7 days.</td>
</tr>
<tr>
<td></td>
<td>Any invitation to prospective providers to submit bids.</td>
</tr>
</tbody>
</table>

PART 4: OTHER MATTERS

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

(1) No award above R2001 may be made in terms of this Policy and regulation 16 of the Preferential Procurement Policy Framework Act, 2000 to a person whose tax matters have not been declared by the South African Revenue Service to be in order.

(2) All tenderers must submit an valid tax clearance certificate with their initial vendor registration. The validity of these certificates must be maintained by the vendors.

(3) Before making an award to a person the Accounting Officer may first check with SARS whether that person’s tax matters are in order.

(4) If SARS does not respond within 7 days such person’s tax matters may for purposes of subparagraph (1) be presumed to be in order.

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

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) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the State; or

(c) A person who is an advisor or consultant contracted for that matter, with the City of Tshwane Metropolitan Municipality.

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

The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000.00 (VAT inclusive) to a person who is a spouse, child or parent of a person in the service of the State, or has been in the service of the State in the previous twelve months, including —

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(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.

28. ETHICAL STANDARDS

(1) A code of ethical standards as set out in subparagraph (2) is hereby established for officials and other role players in the supply chain management system of the City of Tshwane Metropolitan Municipality 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 this 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 the person, of the value more than R350.00 Per Annum (VAT inclusive);
(d) notwithstanding subparagraph (2)(c), must declare to the accounting officer details of all rewards, gifts, favours, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person (even those below R350.00 Per Annum);
(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 City of Tshwane Metropolitan Municipality.
(f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of the 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 City of Tshwane Metropolitan Municipality;
(h) 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.
   (iv) 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.
(b) By the accounting officer must be made to the Executive Mayor of the City of Tshwane Metropolitan Municipality who must ensure that such declarations
are recorded in the register.

(4) The National Treasury's code of conduct must also be taken into account by supply chain management practitioners and other role players involved in supply chain management.

(5) 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 City of Tshwane Metropolitan Municipality envisaged in Section 67(1)(h) of the Municipal Systems Act;

(b) In the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.

(c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

29. INDUCEMENTS, REWARDS, GIFTS AND FAVOURS TO THE CITY OF TSHWANE METROPOLITAN MUNICIPALITY OFFICIALS AND OTHER ROLE PLAYERS

(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 City of Tshwane Metropolitan 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 the R350.00 (VAT inclusive) in value.

30. SPONSORSHIPS

(1) 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.

31. 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 to : The Municipal Manager, PO Box 48, Pretoria, 0001

32. RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES

(1) The accounting officer can appoint an independent and impartial person, not directly involved in the supply chain management processes –

(a) to assist in the resolution of disputes between the City of Tshwane Metropolitan 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; or
(b) To deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
(c) Suppliers must provide details of the reasons for their appeal including any non-compliance with this policy, the MFMA and related legislation. The accounting officer shall provide written acknowledgement of the receipt of appeals to the appellant and endeavour to finalise appeals within 10 working days of their receipt. Where this is not possible, the accounting officer shall advise the appellant in writing of the reasons for the delay.
(d) If the appeal is based on a technically complex matter, the accounting officer may engage an impartial external advisor, provided that their engagement is complaint with this policy and sufficient budgetary provision exists. The accounting officer is not bound by any opinion provided.
(e) The accounting officer will decide if an appeal constitutes sufficient grounds for delay of procurement from the approved supplier, and if a delay is practical. If the accounting officer determines there are grounds for delay, the approved supplier will be advised in writing of the reasons for the delay.
(f) When a ruling on an appeal has been made, the accounting officer will advise the appellant in writing of the outcome.

(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 may be referred to the national treasury of resolution.

(6) This paragraph must not be read as affecting a person’s rights to approach a court at any time.

33. CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER

If a service provider acts on behalf of the City of Tshwane Metropolitan 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 City of Tshwane Metropolitan Municipality must stipulate –
(a) A cap on the compensation payable to the service provider; and
(b) That such compensation must be performance based.

34 UNBUNDLING STRATEGIES

In order to encourage increased participation and the sustainable growth of the small business sector, the unbundling of larger projects into smaller, more manageable, contracts by the relevant department is encouraged. Unbundling must however be considered in the context of:
- economies of scale being lost
- abortive work becoming necessary
- additional demands (not only financial) being placed on the areas resources,
- the risk of later phases not being completed as a result of budget cuts becoming necessary in the future. Unbundling, and all of its associated implications, must therefore be carefully considered at the planning stage of any project and the budgets for, the design thereof, should be structured accordingly. It is important to note that while it is the City of Tshwane Metropolitan Municipality's policy to procure works in the smallest practicable quantities, the practice of breaking out projects in order to circumvent the formal tender process is not permitted. When it is considered in the City of Tshwane Metropolitans Municipality's best interest to divide the total requirement on any one tender between two or more tenderers e.g. in order to draw from the most convenient or nearest sources, or to ensure continued competition or to optimize available resources or to support SMME's, a supply or service may be divided amongst several tenderers, and contracts can be placed accordingly, provided that this was a tender condition set by the relevant department.

35. GUARANTEES (CIDB)

(1) It is recorded that these bonds (hereinafter contract guarantees) are required to protect the employer (the Council) if a contract is terminated due to contract insolvency or failure to perform.
(2) Where the estimated contract value does not exceed R200 000.00 (VAT inclusive) no contract guarantee will be specified.
(3) No more than 2 (two) simultaneous contracts will be awarded to a single contractor where the provision of contract guarantees have been waived.
(4) For CIDB contracts (not exceeding R1 000 000.00 (VAT inclusive)) contractors shall be given the choice of providing a construction guarantee, or a 10% retention being withheld on each progress payment up to a maximum of 5% of the contract sum, without the requirement for furnish a contract guarantee, half of which will be released on acceptance of practical completion of the contract, and the remainder at final completion/acceptance after the free maintenance period, defined in the tender document.
(5) For all other contracts the contract guarantees shall be set as follows:
   (a) International 10%
   (b) Major (above R1 000 000.00) 10%
   (c) Minor – estimated contract price < R1 million 10% or retention of 10%
   (d) Micro (below R200 000.00) nil
   (e) Micro (above R200 000.00 – below R1 000 000.00) 5% (or retention of 5%)
      Sureties in respect of the procurement of goods and services will not generally be called for, but where required, will be in accordance with the limits described above.
(6) Any contractor who is registered with the CIDB but who tenders outside his/her tender value range must be considered for appointment one level higher than his/her registration range provided that the risk for such appointment can be mitigated by the assistance of the CoT in terms of management assistance.

36. RETENTION

In order, to protect the City of Tshwane Metropolitan Municipality's interests on Minor contracts, where the value of the surety required has been reduced, or even waived, the usual 10% retention shall apply. The value of retention deducted will therefore be as follows:
Minor: 10% of the value of work carried out with no limit, reducing to 5% after completion for the duration of the maintenance period

Major: 10% of the value of the work carried out, up to a limit of 5% of the tender sum, with no reduction for the duration of the maintenance period. Retention in respect of the procurement of goods and services will not generally be called for, but where required, will be in accordance with the limits described above. Financial guarantees may be submitted in lieu of retention.

37. AD HOC REPORTING OBLIGATIONS

The accounting officer of City of Tshwane Municipality shall submit to the City of Tshwane Council, National Treasury, the Provincial Treasury, and Department for Local Government in the Province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required.

38. ANNUAL REPORTING

The Accounting Officer of the City of Tshwane Municipality must at least annually review the implementation of the Supply Chain Management policy as contained in the supply chain management manual, inform the Council of its correctness and applicability and, if necessary, submit proposals for the amendment of the policy to the Council.

CONTRACTS REPORTING QUESTIONNAIRE: NATIONAL TREASURY

City of Tshwane Municipality shall submit reports in respect of each contract above the value of R100 000 (VAT included) concluded during that month within 15 days of the end of each month to enable the Minister of Finance to report to Cabinet and Parliament on progress made.

ASSESSMENT/MEASUREMENT OF SUPPLY CHAIN PERFORMANCE

- City of Tshwane Municipality shall measure and monitor the Supply Chain Management Policy and process through a performance measurement system to ascertain whether government's objectives and targets set have been achieved. In this regard complete records pertaining to Supply Chain Management will be kept.
- City of Tshwane Municipality shall monitor and assess the performance of all contractors during the contract period. Failure to perform can be used to disqualify company for future Tenders

39. DEFINING SUPPLY CHAIN MANAGEMENT PERFORMANCE MEASUREMENT

a. Supply chain performance is a monitoring process during which a retrospective analysis is undertaken to determine whether the prescribed supply chain management processes are being followed and whether the desired objectives are in the process of being achieved.

b. Supply Chain Management performance can be broken down into two categories of performance measurement:

c. Contractor assessment.

d. Monitoring of the Supply Chain Management Policy and processes followed.

40. CONTRACTOR ASSESSMENT

a. City of Tshwane Municipality must ensure that the performance of all contractors is assessed during the period of the contract. The scorecard principle determined during the strategic sourcing exercise must be used where feasible.

b. At the completion stage of the project/contract, an assessment of the contractor shall be undertaken and this assessment should be available for future reference.
c. The reliability of the contractor should be monitored in terms of, among others:
   1. Capacity and capability to deliver (delivery periods)
   2. Quality.
   3. Quantity.
   4. Attainment of objectives in line with the business case for the specific project.
   5. Other criteria determined by City of Tshwane Municipality (such as availability of facilities, reliability, flexibility, price, financial stability, response time, technical competence, creativity and innovation) should also be monitored.
   6. Contractors shall be systematically monitored for performance against the same criteria as those used in the registration process for the provider list of the criteria set in the specification/terms of reference, where applicable. In other words was the contractor (chosen from a provider list or a bidding process) able to perform according to the contract conditions.
   7. When contractors do not perform according to the contractual obligations and City of Tshwane Municipality does not address the matter during the execution of the contract, such non-performance cannot be deemed as sound reasoning for passing over the bid of such supplier/service provider when evaluating future bids.
   8. It is important that all instances of breach of contract and the ensuing actions that were taken must be recorded in a prescribed format so that management information can be extracted for reporting purposes, as required.

41. MONITORING OF THE SUPPLY CHAIN MANAGEMENT POLICY AND PROCESS

1. The purpose of reporting is to effectively measure the achievement of government's procurement objectives and targets set. Therefore the accounting officer must determine whether the proper process has been followed and whether the desired objectives and targets have achieved. City of Tshwane Municipality must be able to extract accurate commercial and other relevant information.

2. The Supply Chain Management office established in the National Treasury will monitor the implementation and supporting regulations and standards issued by the National Treasury, and the Chief Executive Officer of City of Tshwane Municipality.

3. On approval and finalization of the alignment of the PPPFA and BBBEEE Act and charters, the accounting officer should use the national procurement policy charters and targets to set their own short and medium term policy targets at the appropriate contract level, currently in line with the PPPFA.

4. The use of a common scorecard by City of Tshwane Municipality will provide a basic framework against which to benchmark the same process in different Institutions. The scorecard also allows Institutions to align their own Supply Chain Management practices and individual strategies. The scorecard facilitates the process of setting measurable targets for implementation plans and to highlight deficiencies to be attended to.

5. All actions pertaining to the supply chain management function, with specific reference to the acquisition function, must be recorded continuously in order to:

6. Prove accountability.

7. Gather management information to enable managers to:
   ✓ Measure performance in terms of achievement to goals.
   ✓ Measure compliance with norms and standards.
   ✓ Determine savings generated.
   ✓ Determine cost variance per item to indicate the premium paid for promoting preferential objectives.
   ✓ Identify any breach of contract.
   ✓ Determine cost efficiency of the acquisition process.
   ✓ Determine whether SUPPLY CHAIN MANAGEMENT objectives are consistent with Government's broader policy focus.
   ✓ That the principles of co-operative government as expounded in the constitution are observed.
✓ That the reduction of regional economic disparities is promoted.
✓ Stores efficiency.

8. Assist managers in their planning and budgeting responsibilities.

42. ACCESS TO BIDDING INFORMATION

INFORMATION ACCESS

Policy

- All bidding information shall be made available to all interested and affected parties, including the CoT Council.
- Every bidder shall be informed of final bid results.
- The Accounting Officer shall present a report at every second Council Meeting containing the following information for each and every tender awarded over R30 000:
  - Description of the tender requested
  - A list of all bidders
  - Price of each bid
  - Successful bidder
  - Reasons (if applicable) for the lowest prices tender not being successful.

43. SUPPLIER DEVELOPMENT PROGRAM

The objective of this program is to help increase the capacity of BEE companies and also promote BEE related entrepreneurial development. Currently, Council has a Vendor Database on the SAP financial system for all businesses registered with Council. The problem with this database is that when SAP was implemented, it did not differentiate between women owned businesses, youth, disabled and SMME’s.

A new database must be developed which will categorise businesses in the following manner:

(1) women owned businesses
(2) youth owned businesses
(3) disabled owned businesses
(4) SMME’s owned businesses

The mechanism in supporting this program will include:

Tender accessibility – to reach all suppliers from all sectors of society by advertising through the SMME portal and appropriate media.

Targeting SMME – break down large contracts to include small and micro enterprises or incorporate small and micro sub-contracting in contract participation goals

Early payment – Council shall upon receipt of all relevant documentation pay small and micro suppliers within 15 days whenever possible.
Financial and non financial support – assist small and micro suppliers to expand capacity through: tendering advice, business training, access to procurement opportunities and contract guarantees.

43.1.1 COMMUNITY CO OPERATIVES DEVELOPMENT PROGRAMME

All City Of Tshwane Departments must provide projects that will be unbundled & also should ring fence portion of their Budgets Amounts to be spent on the Community Co Operatives. Approval be solicited from National Treasury to grant City Of Tshwane exemption or approval to purchase certain items from Community Co Operatives registered on City Of Tshwane Data Base Only.

Advertising

A comprehensive advertising campaign is recommended urging Community Co Operatives to register on City Of Tshwane’s Co Operatives Data Base.

Separate advert for Mentors and Training providers

A 60 days advert for the Community Co Operatives should be placed on Local News Papers, Tender Notice Boards Annually;

An easy to fill forms that will assist in an evaluation process should be developed.

Briefing Sessions

A briefing session in all CoT 5 regions should be held.

Selection

All Community Co Operatives be subjected to evaluation test that the city will decide on.

The entry criteria for all the Community Co Operatives include, but not limited to the following:

- Original and valid Tax Clearance Certificate;
- Registration with the Department of Trade and Industry
- 100% Black owned contracting entities; and
- Registration for Value Added Tax (VAT) with SARS.

GOODS AND SERVICES BELOW R30 000.00

The procurement of certain goods and services below R30 000.00 be done by requesting the suppliers who are in Councils' Community Co Operatives database to quote. Offers below R30 000 (Vat Included) threshold be awarded based on compliance to Specifications and based on Lowest acceptable Price.

Early payment – Council shall upon receipt of all relevant documentation pay Community Co Operatives within 10 days whenever possible.
Financial and non financial support – assist Community Co Operatives to expand capacity through: tendering advice, business training and access to procurement opportunities.

44. SETTING OF TARGETS

The following targets were set by Gauteng Province and the Municipality will align itself to achieve by 2008 / 2009 financial year:

- 80% for black persons as defined in BBBEE Act (Only to persons who did not have a Franchise in the National Elections before 1983 and 1993)
- 5% for small and micro enterprises
- 5% for women
- 5% for youth (Age below 35 Yrs)
- 2.5% for disabled owned enterprises.
- 2.5% for locality

In addition to the targets set, Preference will also be given to service providers who indicate that they intend to sub contract part or percentage of their work to locals / wards (or employ Locals within the ward) where the service is to be rendered, also a proof of such Agreement should be submitted to the CoT Municipality prior to the wording of the Tender.

The achievement of annual targets will be included in the performance contracts of all senior management who will be expected to ensure that they are conversant with them and apply them accordingly. All departments will report quarterly to the Municipal Manager on their total spend and amount spent on targeted enterprises.

In order for the CoT to further its procurement spending on designated groups as defined in the Broad Based Black Economic Empowerment Act, the following principles must be applied by the Accounting Officer;

1. Each department within the municipality must identify and allocate within its available operational and capital expenditure budget, contracts to be awarded to the designated groups to achieve the CoT BBBEE targets as determined by the Accounting Officer. These identified contracts must in value and complexity contribute to the achievement of the CoT BBBEE targets taking into consideration the nature of the projects and effective service delivery.

2. The Accounting Officer must determine and utilize recognised and appropriate procurement mechanisms to meet the CoT BBBEE targets as mentioned in 2 above. These forms of procurement mechanisms may include, but not limited to, the following:

In awarding of contracts to Service Providers participating in the Expanded Public Works Programme (EPWP) on more than one exit strategy projects in order to achieve a more sustainable contractor exit process.

45. BROAD BASED BLACK ECONOMIC EMPOWERMENT

The main pillar of the BBBEE Act is the Balanced BEE Scorecard to measure progress in terms of BEE processes. The balanced BEE scorecard will be implemented as soon as the legislation is enacted.
The CoT will not conduct business with an entity which do not comply with the Codes of Good Practice on BBBEE as published from time to time by the Minister of Trade and industry.

Best value procurement

Best value for money requires an effective and efficient procurement system which will yield value for money, promotion of development and social objectives through the delivery of construction projects and the imperative to continuously improve performance.

Best value demands that procurement strategies be reviewed and optimised and any result change must deliver better value. However since there is no ideal way to procure, each situation will be treated differently. Since there are many choices to be made when risk is allocated, the procurement strategies, methods and techniques must be defined in order to arrive at best value outcomes. Best value is about the manner in which goods and services are defined and delivered. It necessitates a culture of continuous improvement in performance.

46. THE ESTABLISHMENT OF THE SUPPLY CHAIN MANAGEMENT UNIT

The accounting officer shall establish a Supply Chain Management Unit to implement this Supply Chain Management Policy in line with the Council approved procedures.

The Supply Chain Management Unit shall, operate under the direct supervision of the Chief Financial Officer or delegated official in terms of the Section 82 of the MFMA and it is headed by a General Manager.

The Supply Chain Management Unit must give effect to the main functions of the supply chain management system.

The Supply Chain Management Unit shall provide administrative support services and professional secretariat services to the Bid Specification, Bid Evaluation and Bid Adjudication Committees and other relevant evaluation and award structures as well as the Disposal Committee.

The Supply Chain Management Unit is to execute any function as prescribed from time to time.

The Supply Chain Management Unit established in the Finance Department is hereby mandated to execute this policy.

In the Acquisition & Logistics Unit, members of the team of buyers, Chief Buyers, Storekeepers, Chief Storekeepers, Deputy Directors or Directors may be rotated to similar positions in other teams / sub-units within the Acquisition / Logistics Unit (the Division) by the Executive Director SCM in consultation with the Chief Financial Officer.

47. TRAINING OF SUPPLY CHAIN MANAGEMENT OFFICIALS

The accounting officer shall ensure that all persons involved in the implementation of this is policy meets the prescribed competency levels, and where necessary, shall provide relevant training.
The training of officials involved in implementing this policy shall be in accordance with any National Treasury guidelines on supply chain management training.

City of Tshwane Municipality must therefore provide resources or opportunities for the training of relevant officials to meet the prescribed competency levels.

City of Tshwane Municipality must provide training for at least the following Officials:

- Senior management
- Practitioners who are involved with the day to day operations of supply chain management (senior and operational level)
- New entrants – new appointees irrespective of the level at which they are appointed.
- Cross functional team members
- End users involved in the Supply Chain Management activities.

The Training requirements should be linked to the responsibility to delegate responsibly to competent and appropriately skilled officials.

The National Treasury could monitor and assess the quality and content of training provided by training providers whose training material has been validated by the Validation Board of the National Treasury.

The training of officials involved in implementing this policy should be in accordance with any Treasury guidelines on supply chain management training.

48. POLICY ADOPTION

POLICY

The accounting office will be the accountable custodian of this policy. The Supply Chain Management Policy must be reviewed at least annually to ensure that it is aligned with the legislative environment.

No additions, amendments, or deviations from this policy shall be valid unless approved by the Council of the City of Tshwane Metropolitan Municipality.

When deemed necessary, the City Manager shall submit proposals for the amendment of this policy to the Council of the City of Tshwane for approval.

49. COMMENCEMENT

This policy is effective from the date of approval by Council.
# ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AG</td>
<td>AUDITOR GENERAL</td>
</tr>
<tr>
<td>AO</td>
<td>ACCOUNTING OFFICER (MUNICIPAL MANAGER)</td>
</tr>
<tr>
<td>BBBEE</td>
<td>BROAD BASED BLACK ECONOMIC EMPOWERMENT</td>
</tr>
<tr>
<td>BBBEE ACT</td>
<td>BROAD BASED BLACK EMPOWERMENT ACT</td>
</tr>
<tr>
<td>BEE</td>
<td>BLACK ECONOMIC EMPOWERMENT</td>
</tr>
<tr>
<td>MM</td>
<td>MUNICIPAL MANAGER</td>
</tr>
<tr>
<td>CFO</td>
<td>CHIEF FINANCIAL OFFICER</td>
</tr>
<tr>
<td>CIDB</td>
<td>CONSTRUCTION INDUSTRY DEVELOPMENT BOARD</td>
</tr>
<tr>
<td>DTI</td>
<td>DEPARTMENT OF TRADE AND INDUSTRY</td>
</tr>
<tr>
<td>GCC</td>
<td>GENERAL CONDITIONS OF CONTRACT</td>
</tr>
<tr>
<td>GMC</td>
<td>GROUP MANAGEMENT COMMITTEE</td>
</tr>
<tr>
<td>HDI</td>
<td>HISTORICAL DISADVANTAGED INDIVIDUAL</td>
</tr>
<tr>
<td>IDP</td>
<td>INTEGRATED DEVELOPMENT PLAN</td>
</tr>
<tr>
<td>IT</td>
<td>INFORMATION TECHNOLOGY</td>
</tr>
<tr>
<td>ITC</td>
<td>INFORMATION TO CONSULTANTS</td>
</tr>
<tr>
<td>LCC</td>
<td>LIFE CYCLE COSTING</td>
</tr>
<tr>
<td>LOI</td>
<td>LETTER OF INVITATION</td>
</tr>
<tr>
<td>MFMA</td>
<td>LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT</td>
</tr>
<tr>
<td>MSA</td>
<td>MUNICIPAL SYSTEMS ACT</td>
</tr>
<tr>
<td>MTEF</td>
<td>MEDIUM TERM EXPENDITURE FRAMEWORK</td>
</tr>
<tr>
<td>PCCAA</td>
<td>PREVENTION AND COMBATING OF CORRUPT ACTIVITIES ACT 2004</td>
</tr>
<tr>
<td>PFMA</td>
<td>PUBLIC FINANCE MANAGEMENT ACT (ACT No 1 OF 1999, AS AMENDED)</td>
</tr>
<tr>
<td>PPP</td>
<td>PUBLIC PRIVATE PARTNERSHIP</td>
</tr>
<tr>
<td>PPPFA</td>
<td>PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT (ACT 5 OF 2000)</td>
</tr>
<tr>
<td>QBS</td>
<td>QUALITY BASED SELECTION</td>
</tr>
<tr>
<td>QCBS</td>
<td>QUALITY AND COST BASED SELECTION</td>
</tr>
<tr>
<td>RDP</td>
<td>RECONSTRUCTION AND DEVELOPMENT PROGRAM</td>
</tr>
<tr>
<td>RFI</td>
<td>REQUEST FOR INFORMATION</td>
</tr>
<tr>
<td>RFP</td>
<td>REQUEST FOR PROPOSAL</td>
</tr>
<tr>
<td>RFQ</td>
<td>REQUEST FOR QUOTATION</td>
</tr>
<tr>
<td>SAPS</td>
<td>SOUTH AFRICAN POLICE SERVICES</td>
</tr>
<tr>
<td>SARS</td>
<td>SOUTH AFRICAN REVENUE SERVICES</td>
</tr>
<tr>
<td>SUPPLY CHAIN MANAGEMENT</td>
<td>SUPPLY CHAIN MANAGEMENT</td>
</tr>
<tr>
<td>SUPPLY CHAIN MANAGEMENT UNIT</td>
<td>SUPPLY CHAIN MANAGEMENT UNIT</td>
</tr>
<tr>
<td>SITA</td>
<td>STATE INFORMATION TECHNOLOGY AGENT</td>
</tr>
<tr>
<td>SLA</td>
<td>SERVICE LEVEL AGREEMENT</td>
</tr>
<tr>
<td>SMME</td>
<td>SMALL MEDIUM AND MACRO ENTERPRISE</td>
</tr>
<tr>
<td>SP</td>
<td>SERVICE PROVIDER</td>
</tr>
<tr>
<td>TCO</td>
<td>TOTAL COST OF OWNERSHIP</td>
</tr>
<tr>
<td>TOR</td>
<td>TERMS OF REFERENCE</td>
</tr>
<tr>
<td>WIP</td>
<td>WORK IN PROCESS</td>
</tr>
</tbody>
</table>
CITY OF TSHWANE
MUNICIPALITY

PROCEDURE MANUAL
FOR THE
PROCUREMENT OF GOODS or SERVICES
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PROCEDURE MANUAL FOR THE PROCUREMENT OF GOODS AND SERVICES

NOTE: The Contents is based on the City of Tshwane Municipal Supply Chain Management Policy dated 27 September 2007 and adopted in terms of Section 111 of the Local Government Municipal Finance Management Act (Act No. 56 of 2003)

In the case of any ambiguity or discrepancy found in this document, the CoT Municipal Supply Chain Management Policy shall have precedence.

1. BACKGROUND

The needs of the Community and the Municipality, are set out in the strategic goals outlined in the City of Tshwane IDP (Integrated Development Plan). These needs, interalia, require the procurement of goods and services to be quantified, budgeted and planned to ensure the timely and effective delivery thereof.

1.1. DEMAND MANAGEMENT is the beginning of the supply chain where:

- A needs assessment of the required goods and services is done;
- Economies of scale are investigated;
- Specifications are determined;
- Industry is analysed;
- Requirements are linked to the budget

The demand requirement for goods and services is therefore specifically budgeted and programmed from within CoT's IDP.

1.2. ACQUISITION MANAGEMENT is the management of procurement by CoT where:

- the method by which the markets are approached is decided on;
- the bid documentation and evaluation criteria is decided on;
- bids are evaluated in accordance with published criteria;
- proper contract documentation is signed

Public Institutions are compelled to procure goods and services through the Supply Chain Management Procedure. The calling for tenders to procure goods and/or
services forms an integral part of the Supply Chain Management Procedure. A thorough knowledge of the phases encompassed in the tender processes and procedures to be followed is thus necessary for all officials tasked with the procurement of goods and services.

1.3. PROCUREMENT METHODS

The applicable procurement method for procuring goods and services depends on the transaction value as set out in the following table.

<table>
<thead>
<tr>
<th>LOWER LIMIT (Incl VAT)</th>
<th>UPPER LIMIT (Incl. VAT)</th>
<th>PROCUREMENT METHOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>R2,000.00</td>
<td>Petty Cash Purchases</td>
</tr>
<tr>
<td>R2,000.00</td>
<td>R10,000.00</td>
<td>At least 3 Verbal or Written quotations (Written confirmation required for verbal quotes)</td>
</tr>
<tr>
<td>R10,000.00</td>
<td>R200,000.00</td>
<td>Formal written quotations</td>
</tr>
<tr>
<td>R200,000.00</td>
<td>-</td>
<td>Public Tender (Tenders larger than R10 million and Long Term Contracts to be approved by ACCOUNTING OFFICER)</td>
</tr>
</tbody>
</table>

Goods and Services may not be deliberately split into parts or items of lesser value merely to assist complying with the above policy.

The conditions for the procurement of goods and services by means of quotations and tenders are set out in the CoT Municipal Supply Chain Management Policy.

1.4. WHAT IS A TENDER OR BID?

A tender or bid is a written offer in a prescribed form in response to an invitation by CoT to supply goods or services at a fixed or variable price. Although price is the dominant factor in deciding on which tender to accept, other factors such as preferences or quality can also play a role, hence the 90/10 (or 80/20) preference point system where 90(80) points are awarded for price and 10(20) points for specific preferences. (Refer to the Preferential Procurement Regulations 2001).

Typical preferences can include points for the following:-
- **Historically Disadvantaged Individuals:**
  - who had no franchise before the 1983 and 1993 constitutions;
  - who are female;
  - who have a disability;

- **Other participation goals:**
  - Promotion of Enterprises located within CoT;

The Supply Chain Management Policy establishes the following procedures in the tender process:
- the compilation of bidding documentation;
- the public invitation of bids;
- site meetings or briefing sessions, if applicable;
- the handling of bids submitted in response to public invitation;
- the evaluation of bids;
- the award of contracts;
- the administration of contracts; and
- proper record keeping.

These procedures for public tenders are now described in more detail with reference to the Flow Chart in Annexure A.

2. **PRE-TENDER PHASE**

The user department has, in line with the CoT Integrated Development Plan (IDP), determined that certain goods and services are required by the department and that the budget is available and confirmed. The user department will then prepare a specification or scope of work for the goods or services required. The specification (scope of work) can take various forms for instance:

- Specification for goods required such as wire, bolts and nuts, ballpoint pens, paper, etc.;
- Specification for services to be provided such as mowing of grass, street cleaning, professional services, etc.;
- Specification for civil, electrical or building construction projects;
- Specification for Calls of Expression of Interest.

3. **PREPARATION AND COMPILATION OF BID DOCUMENTS**
Bid documents set out the rights, obligations and wishes of the contracting partners and also define the nature, quality and quantity of the Goods or Services to be provided. It is thus imperative that bid documentation is legally and technically correct in all respects.

The CIDB Best Practice Guideline #C1 states that ideal procurement documents should in general:-

- require tenderers to submit particulars sufficient for the Employer to evaluate submissions and to shortlist tenders, or to award a contract in a fair, equitable, transparent and competitive manner;

- set out in a clear and unambiguous manner criteria by which submissions are to be evaluated;

- define the liabilities, rights and obligations of the parties to the contract;

- define the nature, quality and quantity of supplies, services or works to be provided in the performance of the contract;

- contain provisions that do not unreasonably prejudice the interest of either party, and;

- use clear and unambiguous language.

Bid documents should at least comprise of the following sections:-

- Tendering procedures
  - Tender Notice and Invitation to tender;
  - Tender data;
  - Standard Conditions of tender

- Returnable documents / schedules

- Agreements and contract data
  - Form of Offer and Acceptance
  - Contract data;
  - Form of Guarantee (where applicable)

- Pricing data
  - Pricing instructions
  - Pricing schedule

- Scope of work
- Site information (where applicable)
It is important to strive for uniformity in bid documents which will result in:-

- Tenderers being able to ascertain the scope of work and risks involved more easily;
- Streamlining of administrative procedures;
- Ease of entry and improved understanding and interpretation by emerging contractors;
- Increased cost effectiveness;
- Simplified and computerized documentation.

4. COMPILER’S ACTIONS

The CoT Supply Chain Management Unit (SCM) has drawn up a suite of standardized procurement documents for use by departments. Actions required by compiler’s are as follows:

4.1. TENDER NOTICE AND INVITATION TO TENDER

This part of the bid document alerts tenderers to the nature of the goods or services required by CoT and contains sufficient information to enable them to respond accordingly.

The Tender Notice is drawn up by the CoT Procurement Demand Section in collaboration with the user department and requires the following information to be inserted:

- Short description of the Goods or Services required;
- CIDB Category (if applicable);
- Time, date and place where bid documents are obtainable;
- Time, date and place of Clarification Meeting (if applicable);
- Time, date and place for handing in and opening of tenders;
- Name and Contact information of user department representative;

4.2. TENDER DATA

This part of the bid document gives the applicable conditions of tender which is based upon standardized conditions of tender and additions / variations to them.

The tender data for CoT tendering procedures is by and large uniform with, in most cases, only the following tender specific data to be inserted by the user department:
<table>
<thead>
<tr>
<th>CLAUSE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>F1.4</td>
<td>Communication and Employer’s Agent</td>
</tr>
</tbody>
</table>
| F2.1   | **ELIGIBILITY:-**  
|        | • CIDB Value and Class (applicable to Construction Tenders)  
|        | • Quality Criteria (applicable to Consultant Tenders);  
|        | • Any other eligibility criteria applicable to specific tenders |
| F2.10  | **PRICING THE TENDER OFFER:**  
|        | • Addition of Activity Schedule data where a NEC Option A contract is used |
| F3.4   | **OPENING OF TENDER SUBMISSIONS:-**  
|        | • Time, day and date |
| F3.11  | **EVALUATION OF TENDERS:-**  
|        | • Tender evaluation method;  
|        | • 90/10 or 80/20 preference point system;  
|        | • Scoring of financial offers (Formula and Option to be used) |

### 4.3. STANDARD CONDITIONS OF TENDER

CoT has standarised on the Feb 2008 CIDB Standard Conditions of Tender as published in Government Gazette No. 30692 of 1 Feb 2008.

*No inputs are required here from the user department.*

### 4.4. RETURNABLE DOCUMENTS / SCHEDULES

This part of the bid document ensures that everything CoT requires a Tenderer to submit with his tender is included in, or returned with the tender submission. These documents consist of the following:-

- Returnable documents required for *Tender Evaluation Purposes*;
- Returnable documents required for *Preferential Procurement Evaluation Purposes*;
- Returnable documents which will be *incorporated into the contract*;
- Evaluation Schedules;

*Input from the user department is required here.* Depending on the type of Goods or Services to be procured, some of the above documents/schedules can be omitted or others added, as may be required.

### 4.5. AGREEMENTS AND CONTRACT DATA

- **Form of Offer and Acceptance**

This part of the bid document *formalizes the legal process of Offer and Acceptance*. No legal offer exists if the form of Offer is not completed and signed by the bidder. Changes on variations to this part of the document are rarely necessary.
• Contract Data

This part of the bid document states the conditions of contract and associated contract specific data which entails a description of the risks, liabilities and obligations of the contracting parties (CoT and the accepted tender) and procedures for the administration of the contract.

• Variations and additions to the conditions of contract

User departments must ensure that, if applicable, the variations and additions to the Conditions of Contract (Special Conditions) are correct. The CoT standardized documents already include data for this part of the bid document. No changes should be made here unless the user is conversant with contract law and the applicable General Conditions of Contract.

Compilers should note that this is not applicable to NEC Contracts, which make use of Option Z clauses in the Contract Data for changes to the conditions of contract.

• Data provided by the Employer

Purpose written data for the applicable tender must be entered by the user department in this portion of the bid document.

• Data provided by the Contractor / Service Provider

Pro forma lists are provided in the CoT standardized documents. The user department should check this for compatibility with the nature of the specific bid document.

• Other Agreements

Input from the user department is required here.

Depending on the type of contract one or more of the following agreements can also be applicable and must be added:-

- Form of Guarantee;
- Guarantee (Cash deposit);
- Health and Safety Agreement;
Adjudicator's Agreement;

4.6. PRICING DATA

- Pricing Instructions

This portion of the bid document provides criteria and assumptions which the tenderer must take into account when developing his prices for the tender and is usually standard.

- Pricing Schedule

This portion of the bid document records the tenderer's prices for providing the goods or services specified in the scope of work. A purpose written bill of quantities or activity list must be developed by the user department for this portion of the bid document.

4.7. SCOPE OF WORK

This portion of the bid document described the goods or services which are to be provided including any conditions or other requirements on how the goods or services are to be provided. User departments must develop purpose written instructions for this portion of the bid document.

4.8. SITE INFORMATION

This is generally only applicable to construction contracts and describes the site at the time of tender to enable the tenderer to decide on method of work and programming. Where necessary user departments must develop purpose written instructions for this portion of the bid document.

5. STANDARDIZED BID DOCUMENTS

In an effort to strive for uniformity and to assist user departments with the compilation of bid documents, the Supply Chain Management Unit has drawn up standardized bid documents for various types of bids. The standardized documents listed below are available:-

5.1. CONSTRUCTION CONTRACTS:-
<table>
<thead>
<tr>
<th>DOCUMENT</th>
<th>USE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIDB (GCC 2004)</td>
<td>Civil Engineering Construction Works</td>
</tr>
<tr>
<td>CIDB (GCC 2004 – EPWP)</td>
<td>Extended Public Works programme (EPWP) Civil Engineering Construction Works</td>
</tr>
<tr>
<td>CIDB (FIDIC)</td>
<td>Electrical and Mechanical Plant</td>
</tr>
<tr>
<td>CIDB (JBCC)</td>
<td>Building Construction Works</td>
</tr>
<tr>
<td>CIDB (NEC OPTION A)</td>
<td>Any Engineering work where a priced activity list is applicable</td>
</tr>
</tbody>
</table>

5.2. CONSULTANT CONTRACTS:-

<table>
<thead>
<tr>
<th>DOCUMENT</th>
<th>USE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIDB (PROFESSIONAL SERVICES)</td>
<td>Appointment of suppliers of professional services (renumerated by lumpsum, percentage fee or hourly rates)</td>
</tr>
<tr>
<td>NEC (PROFESSIONAL SERVICES - OPTION A)</td>
<td>Appointment of suppliers of any professional services (renumerated by a priced activity list)</td>
</tr>
</tbody>
</table>

5.3. GOODS AND SERVICES

<table>
<thead>
<tr>
<th>DOCUMENT</th>
<th>USE</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOODS TENDER (Government Procurement GCC – 8 May 2007)</td>
<td>Supply of goods</td>
</tr>
<tr>
<td>SERVICE TENDER (Government Procurement GCC – 8 May 2007)</td>
<td>Supply of services</td>
</tr>
<tr>
<td>NEC term service short</td>
<td>Appointment of a supplier for a period of</td>
</tr>
</tbody>
</table>
5.4. OTHER

<table>
<thead>
<tr>
<th>DOCUMENT</th>
<th>USE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CALL FOR EXPRESSION OF INTEREST</td>
<td>EOI for the supply of any goods or services</td>
</tr>
</tbody>
</table>

6. TENDER PROCEDURES

Note: User departments should take note of the attendance requirements for the various bid committee meetings:

- **Bid Specification Committee (BSC)**
  - Project Initiator
  - Relevant Director

- **Bid Evaluation Committee (BEC)**
  - Project Initiator
  - Relevant Director

- **Bid Adjudication Committee (BAC)**
  - Project Initiator
  - Relevant Executive Director

On completion of the draft bid document, the user department shall lodge the following with SCM for approval:

- 1 (ONE) hard copy of the draft bid document;
- 1 (ONE) electronic copy of the draft bid document

If the draft bid document is provisionally approved, a tender number will be allocated and the bid document will be placed on the Agenda for the next *Bid Specification Committee (BSC)* meeting. If the BSC approves the bid document, the tender procedures can be commenced with, otherwise:

- the document if not approved will be returned to the user department for adjustments, whereafter it will be placed on the BSC Agenda again for approval.
Once the BSC has approved the bid document, the following will be finalized by SCM with the user department:

- Date from which bid documents are available;
- Place, date and time of clarification meeting;
- Date and time until which bids will be accepted (which is also applicable to the opening of tenders)

An official tender notice will be provided to the user department for inclusion in part **T.1.1 – TENDER NOTICE AND INVITATION TO TENDER** of the bid document. The user department will provide SCM with the number of bid documents as agreed upon, before the date from which bid documents will be available to tenderers.

The user department will ensure that an official well versed with the contents of the bid and in particular the Scope of Work, is available to lead the Clarification meeting. An attendance register of all persons attending the meeting and minutes of the meeting will be kept.

Bids will close on the date and time indicated in the tender notice at the Procurement Advice Centre and the tender prices will be read out by an official of SCM. Officials of SCM will then complete the administrative procedures, including the financial and preference adjudication, and compile a draft tender evaluation report.

The draft tender evaluation report and bid documents are then forwarded to the user department for technical compliance.

\[\text{It shall be noted that during this time no contact should be made between officials evaluating the bids and the tenderers, i.e. the BIDS ARE CONFIDENTIAL. Any contact with bidders for clarity in the tender documents, will only be done in writing after the written approval of the Executive Director: Supply Chain Management has been received.}\]

The user department will complete the technical compliance and obtain comments from other CoT departments regarding the bid, where necessary. (For example, Corporate, Financial Sustainability Management, Compliance, etc.). On completion the documents and completed draft tender evaluation report must be returned to SCM for completion. User departments should note that both the SED and ED of the initiating department must sign off the report-flow compliance form which must accompany these documents. SCM will finalize the tender evaluation report and place it on the agenda to serve before the **Bid Evaluation Committee (BEC)**.

The BEC will evaluate the tender evaluation report. If adjustments are required to the report or more clarity required concerning certain issues, the report will be send back to the BSC for adjustment.

On approval of the tender evaluation report by the BEC, either:

- **For tenders less than R2 million:** The recommended tender is accepted;
or

For tenders in excess of R2 million: A
recommendation is forwarded to the BAC

The Bid Adjudication Committee (BAC) will evaluate the tender evaluation report and recommendation of the BEC. If adjustments are required to the report or more clarity required concerning certain issues, the report and recommendation will be send back to the BEC for adjustment.

On approval of the tender evaluation report and BEC recommendation by the BAC, either:-

- recommended tender is accepted;
- or

For tenders less than R10 million: The

or long term contracts:

For tenders in excess of R10 million

The Municipal Manager’s approval is required.

7. TENDER AWARD PROCEDURES

When a tender has been awarded to a bidder, SCM will draft a Letter of Award to the successful bidder.

Depending on the type of goods or services procured the following administrative matters must also be attended to:

CONSTRUCTION CONTRACTS

- The contract must be signed by the successful tenderer and the department’s SED;
- Sureties must be lodged;
- CoT Insurance and Risk Management must be informed of the award so that the necessary insurance can be put in place;
- Occupational Health & Safety Officer must be appointed;

GOODS AND SERVICES CONTRACTS

- The contract must be signed by the successful tenderer and the department’s SED.
- Where specified sureties must be lodged;
- Proof of Insurance by the Supplier must be presented.

PROFESSIONAL SERVICE CONTRACTS
- The contract must be signed by the successful tenderer and the department's SED.
- Where specified proof of Professional Indemnity Insurance by the Supplier must be presented.
8. EXPRESSIONS OF INTEREST (EOI)

General
- An EOI is not a RFP (Request for a Proposal)
- It does not call for prices
- It does not call for detailed designs
- It is issued to assess the potential of respondents to provide the required services and/or facilities on the scale and in the time framework required; or
- It is issued to assess potential service providers
- It is issued to assess credentials relating to capacity, experience and BEE status of Respondents
- Only qualifying suppliers will be invited to take part in the following RFP.

Part E1 - Submission procedures

E1.1 Notice and Invitation
- CIDB contractor grading required for construction EOI's.
- CIDB contractor grading not required for services, supplies and admission to data base.
- State eligibility criteria if any.

E1.2 Submission data

H2.1 Eligibility
- Remove CIDB contractor grading if not applicable.
- State any eligibility data
H 3.9 Evaluation of responsive submissions
   • State evaluation criteria if applicable.
   • Leave out if Admission to Database (if no pre-qualification is applicable)

Part E2- Returnable Documents

Returnable Documents.
Delete which are not applicable

Submission schedules
Add submission schedules as may be necessary.
Existing schedules are generic that may be changed as necessary.

9. TWO ENVELOPE SYSTEM

SUBMISSION
F.2.13.6 Where a two-envelope system is required in terms of the tender data, place
and seal the returnable documents listed in the tender data in an envelope
marked “financial proposal” and place the remaining returnable documents
in an envelope marked “technical proposal”. Each envelope shall state on
the outside the employer’s address and identification details stated in the
tender data, as well as the tenderer’s name and contact address.

OPENING AND RECORDING
1) Open the technical proposal in the presence of tenderers’ agents and announce the
   name of each tenderer. Evaluate the quality of the technical proposals.

2) Open the financial proposals of tenderers, who score above the minimum number of
   points for quality stated in the Tender Data, and announce the score in the presence
   of tenderers’ agents. Return unopened any financial proposals received from those
   tenderers who failed to achieve the minimum number of points for quality.

3) Return tenders unopened that:
   • are received late;
   • are submitted by a method other than the method prescribed in the Tender Data;
   or
   • have been withdrawn in accordance with the procedure provided in Clause
     F.2.16.3.

   or where only one tender submission is received and the employer decides to call for
   fresh tender submissions;

4) Consider declaring as non responsive tender offers not received in the form required i.e.
   tenders which are submitted in a format or on forms other than those prescribed in
   the tender documents

5) Reject all tender offers submitted by telegraph, telex, facsimile or e-mail, unless stated
   otherwise in the Tender Data.
10. ANNEXURES
INITIATION AND METHOD OF PROCUREMENT

Quotations
< R 200 000
< 1 Year

Goods
Services

Tenders
> R 200 000
> 1 Year

- CIDB Construction
- CIDB Consultants
- EOI
- Call for Proposals
- 2 Envelope
- 2 Stage
- Goods
- Services
UNDERSTANDING THE STRUCTURE OF CALLS FOR EXPRESSIONS OF INTEREST

February 2008

1. Background

The CIDB Standard for Uniformity in Construction Procurement defines an expression of interest as a request for tenderers to register their interest in undertaking a specific contract or to participate in a project or programme and to submit their credentials so they may, in terms of the organization's procurement procedures, be invited to submit a tender offer should they qualify or be selected to do so.

Respondents are not required to submit financial offers where expressions of interest are called for and are usually invited to submit their credentials so that they may be:

a) prequalified to submit a tender; or

b) be admitted to an electronic data base which is used to nominate those who will be invited to submit tenders.

Calls for expressions of interest are as such made:

a) during the first part of the qualified procedure in order to obtain information from respondents so that a short list may be drawn up prior to tenderers being invited to submit tender offers or to ascertain the interest in a particular contract; or

b) to obtain information from respondents for admission to an electronic data base in the nominated procedure.

In the qualified procedure where not all respondents who satisfy the prequalification criteria associated with a project are invited to submit tender offers, respondents may be short listed to submit tenders using quality and preferencing criteria, on the basis of returnable schedules submitted. Those tenderers that are short listed are then invited to submit tender offers.

Calls for expressions of interest when used to pre-qualify or short list tenderers, provide the market with an advance warning of a tendering opportunity and give respondents time to become compliant with any of the prequalification criteria. They also:

a) give the employer time to finalise the procurement documents and eliminates the need for advertising tenders as only those tenderers who are short listed are invited to submit tender offers;

b) ensure that tenders are only received from tenderers who potentially have the necessary capabilities and capacities to perform the contract;

c) ensure that a manageable number of respondents are invited to submit tender offers (usually not less than 5);

d) allow quality aspects to be evaluated in two stages or to be omitted in the evaluation of tender offers.

The period between the calling for expressions of interest and the inviting of tender offers or proposals should not exceed 12 months. Where tender offers or proposals cannot be invited within this period,
Fresh calls for expressions of interest should be made.

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once every year in suitable media and in a manner that enables a wide spectrum of qualified respondents to respond to the call.

2. Documents associated with a call for an expression interest

The groups of documents where expressions of interest are called for should comprise those documents that are relevant to the admission to an electronic data base or to those required to short list or prequalification (or both) tenderers so that they may be invited to submit tender offers in respect of a particular procurement (see Table 1).

Table 1: Documents that relate to a call for expressions of interest

3. Compiler notes

Guidance notes are available for each component document. These notes, with respect to each component document:

a) briefly describe the function of and provide a broad content outline;

b) identify requirements, if any, laid down in the CIDB Standard for Uniformity in Construction Procurement; and

c) provide commentary and insightful information.