

# **BLUE CRANE ROUTE MUNICIPALITY (EC102)**



## **FINAL SUPPLY CHAIN MANAGEMENT POLICY**

Financial Year 2026/2027

**APPROVED AND ADOPTED  
BY COUNCIL ON 29 MAY 2026**

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MUNICIPAL MANAGER**

**No. 10**

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## 1. DEFINITIONS

In this policy and any bid documentation or directive issued in terms thereof, the singular includes the plural and vice versa, any one gender includes both genders and, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Municipal Finance Management Act has the same meaning as in this Act and -

**“Accounting Officer”** means the manager of the municipal administration and accounting officer of the Municipality appointed by the council in terms of section 54A of the Local Government: Municipal Systems Act No. 32 of 2000 and includes any employee of the Municipality who acts in his stead and, in the event of the Municipality being subject to an intervention in terms of section 139 of the Constitution or any other applicable law, includes the “Administrator” appointed as a consequence of such intervention or in terms of the conditions pertaining thereto;

**“Accredited Prospective Provider”** means a prospective supplier or provider of goods, works and or services referred to in paragraph 14 of this policy;

**“All applicable taxes”** includes value-added tax, pay as you earn, income tax, skills development levies and unemployment insurance fund contributions;

**“Bid”** means a written offer in a prescribed or stipulated form in response to an invitation to bid issued by the Municipality for the procurement of goods, services or works through price quotations, advertised competitive bidding processes, limited bids or proposals or for the disposal of assets and **“tender”** has a corresponding meaning;

**“Bid Committees”** means the committees established in terms of this policy to prepare bid specifications, bid documentation, evaluate responsive bids and, where so authorized, to adjudicate responsive bids and any reference in section 117 of the Municipal Finance Management Act to municipal tender committees shall be construed as a reference to the aforesaid committees;

**“Bid documentation”** means all documentation relating to or necessary in order to complete a procurement or disposal including but not limited to such specification, bidding, certification and contractual documentation as may be prescribed by National Treasury or the Construction Industry Development Board, as the case may be, for municipal supply chain management purposes and the implementation of this policy;

**“Bidder”** means any person who submits a bid or quotation to the Municipality in response to an invitation to bid or quote and includes a **“tenderer”**;

**“Bid rigging”** means a prohibited collusive bidding practice in terms of which bidders that would normally be expected to compete in a procurement process either singularly or by association with other persons or firms in a horizontal relationship, secretly conspire to raise prices or lower the quality of goods and/or services or agree not to compete against each other in such process;

**"Black people"** is a generic term which means Africans, Coloured and Indians;

**"Blue Crane Route Municipality"** means the Blue Crane Route Municipality, a local municipality established in terms of section 12 of the Local Government: Municipal Structures Act No. 117 of 1998 and includes any employee entitled to or duly authorized to perform any function or duty in terms of this policy and/or is responsible for the implementation of this policy or any part thereof;

**"Chief Financial Officer"** means the official of the Municipality designated as such in terms of section 80(2)(a) of the Municipal Finance Management Act;

**"CIDB"** means the Construction Industry Development Board;

**"CIDB regulations"** means any regulations issued in terms of the Construction Industry Development Board Act No. 38 of 2000;

**"Comparative price"** means the price after the factors of a non-firm price and all unconditional discounts that can be utilized, have been taken into consideration;

**"Competitive bidding process"** means a transparent procurement method in which bids from competing contractors, suppliers or vendors are invited by openly advertising the scope, specifications, terms and conditions of the proposed contract as well as the criteria by which responsive bids received will be evaluated;

**"Competitive bid"** means a bid in terms of a competitive bidding process;

**"Consortium or joint venture"** means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract;

**"Construction works"** or **"works"** means the provision of a combination of goods and services arranged for the development, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling or demolition of a fixed asset including building and engineering infrastructure;

**"Contractor"** means a person or body of persons who undertakes to execute and complete procured construction works for or on behalf of the Blue Crane Route Municipality;

**"Contract"** means the agreement that results from the acceptance of a bid by the Blue Crane Route Municipality in accordance with this policy;

**"Council"** means the council of Blue Crane Route Municipality;

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

**"designated group"** means-

(a) black designated groups;

(b) black people;

(c) women;

(d) people with disabilities; or

(e) small enterprises, as defined in section 1 of the National Small Enterprise Act, 1996

(Act No. 102 of 1996);

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

“**Day**” unless expressly otherwise provided in this policy, means a calendar day, provided that when any particular number of days is prescribed for the doing of any act, or for any other purpose, the same shall be reckoned exclusively of the first and inclusively of the last day, unless the last day happens to fall on a Sunday or on any public holiday, in which case the time shall be reckoned exclusively of the first day and exclusively also of every such Sunday or public holiday;

“**Delegating authority**” means the council, a duly authorized political structure or office bearer thereof, the Accounting Officer or other employee to whom original powers are assigned in terms of legislation and, in relation to a sub-delegation of a power, that delegated body;

“**Delegation**” means the issuing of a written authorization by a delegating authority to a delegated body to act in his stead and, in relation to a duty, includes an instruction or request to perform or to assist in performing the duty and “delegate” and sub-delegate has a corresponding meaning;

“**Delegated body**” in relation to the delegation of a power means the person to whom a power has been delegated by the delegating authority in writing;

“**Designated Official**” means the official of the Municipality to whom the accounting officer or the chief financial officer, as the case may be, have, in accordance with sections 79 and 82 of the Municipal Finance Management Act No. 56 of 2003 delegated or sub-delegated powers, functions and duties in connection with the application and implementation of this policy provided that a sub-delegation by the chief financial officer to an official that has not been allocated to him by the accounting officer or to a person contracted by the Blue Crane Route Municipality for the work of its budget and treasury office may only be so authorized with the concurrence of the accounting officer and provided further that the said chief financial officer is satisfied that effective systems and procedures are in place to ensure control and accountability by the person concerned;

“**Disposal**” means a process of preparing, negotiating and concluding a written contract relating to the alienation or a capital asset whether movable or immovable owned by or under the control of the Blue Crane Route Municipality or rights in respect thereof, by means of a sale, lease, donation or cession and “**dispose of**” has a similar meaning;

“**Emergency**” referred to in paragraph 36(1)(a)(i) of this policy means a deviation that is based on it being an emergency case that is reasonable/justifiable based on evidence:

- of a serious unexpected and potentially dangerous or life threatening situation requiring an immediate action in order to avoid a dangerous or risky situation or misery;
- that the time available would make it impossible/impractical to go through a procurement process;
- that the deviation is not as a result of the need for procurement being identified /agreed upon/budgeted/planned in the past but not attended to timeously; and

- that the deviation is not as a result of improper planning;

**"Final award"** in relation to bids or quotations submitted for a contract, means the final decision on which a bid or quote was accepted;

**"Firm price"** means the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy or tax which, in terms of any applicable law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies or the rendering costs of any service, for the execution of a contract;

**"Formal written price quotations"** means quotations referred to in paragraph 12 (1) (c) of this policy;

**"Functionality"** means the measurement according to predetermined norms, as set out in the bid specification, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a bidder;

**"Head of Department"** means a senior manager as defined in the Municipal Finance Management Act and who is responsible for a vote as assigned by the accounting officer;

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

**"GCC"** means General Conditions of Contract

**"Historically Disadvantaged Individuals (HDIs)"**—often referred to as Historically Disadvantaged South Africans (HDSAs) or Previously Disadvantaged Individuals (PDIs)—are citizens who were systematically marginalized by unfair discrimination and apartheid policies prior to the country's democratic transition.

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

**"In the service of the state"** means to be -

- (a) A member of -
  - (i) any municipal council;
  - (ii) any provincial legislature; or
  - (iii) the National Assembly or the National Council of Provinces;
- (b) A member of the board of directors of any municipal entity;
- (c) An official of any Blue Crane Route Municipality or municipal entity;
- (d) An employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Act and the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- (e) A member of the accounting authority of any national or provincial public entity; or
- (f) An employee of Parliament or a provincial legislature;

**“JBCC”** means a principal building agreement issued by the Joint Building Contracts Committee

**“Line manager”** means a manager reporting directly to a senior manager and who is responsible for a cost centre as assigned by the relevant senior manager;

**“Long term contract”** means a contract with a duration period exceeding one year;

**“List of accredited prospective providers”** means the list of accredited prospective providers which the Blue Crane Route Municipality must keep in terms of paragraph 15 of this policy;

**“Mayor”** means the councillor elected by the council as Mayor in terms of section 48 of the Local Government: Municipal Structures Act No. 117 of 1998 read with section 58 of the Municipal Finance Management Act;

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

**“Municipality”** means Blue Crane Route Municipality

**“Municipal Finance Management Act”** means the Local Government: Municipal Finance Management Act No. 56 of 2003 and, unless otherwise stated in this policy, any reference to “the Act” shall mean a reference to this Act;

**“Municipal Systems Act”** means the Local Government: Municipal Systems Act No. 32 of 2000 and includes the regulations under this Act;

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

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

**“Non-firm prices”** means all prices other than “firm” prices;

**“Other applicable legislation”** means any other legislation applicable to municipal supply chain management, including but not limited to -

- a) the Preferential Procurement Policy Framework Act No. 5 of 2022;
- b) the Construction Industry Development Board Act No. 38 of 2000;
- c) the Local Government: Municipal Systems Act No. 32 of 2000 (Municipal Systems Act);
- d) the Promotion of Administrative Justice Act No. 3 of 2000;
- e) the Promotion of Access to Information Act No. 2 of 2000;
- f) the Protected Disclosures Act No. 26 of 2000;
- g) the Competition Act No. 89 of 1998;
- h) the Prevention and Combating of Corrupt Activities Act No. 12 of 2004;

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

**“Person”** includes an enterprise, partnership, trust, association, consortium, joint venture or a juristic person;

**“Petty cash”** means a relatively small amount of cash kept at hand for making immediate payment for miscellaneous small amounts incurred by the Blue Crane Route Municipality.

**“Preferential Procurement Regulations”** means the Preferential Procurement Regulations, 2022 contained in Government Notice R 689 of 4 November 2022 promulgated in Government Gazette No. 47452 of this date;

**“Procurement”** means the processes leading to the negotiation and conclusion of contracts whether in writing or verbally for the acquisition of goods, services or construction works or any combination thereof or the disposal of assets whether movable or immovable or any rights in such assets by means of purchase, sale, lease or donation and includes the preparation of all associated bid and contractual documentation and **“procured”** or **“procuring”** has a similar meaning;

**“Quotation”** means a stated price that a supplier expects to receive for the provision of specified services, goods or works;

**“Responsive bid”** means a bid that complies in all material aspects with the requirements set out in or contained in an invitation to bid including the applicable specification;

**“rural area”** means-

(a) a sparsely populated area in which people farm or depend on natural resources, including villages and small towns that are dispersed through the area; or

(b) an area including a large settlement which depends on migratory labour and remittances and government social grants for survival, and may have a traditional land tenure system;

**“Small enterprise”** means a separate and distinct business entity, together with its branches or subsidiaries, if any, including cooperative enterprises, managed by one owner or more predominantly carried on in any sector or sub-sector of the economy mentioned in column 1 of the Schedule to the National Small Business Act No. 102 of 1996 which is contained in Annexure B to this policy and classified as a micro-, a very small, a small or a medium enterprise by satisfying the criteria mentioned in columns 3, 4 and 5 of the said schedule;

**“Sub-contract”** means the primary contractor's assigning, leasing, making out work to, or employing, another person to support such primary contractor in the execution of part of a project in terms of a contract;

**“Rand value”** means the total estimated value of a contract in South African currency calculated at the time of bid invitations, and includes all applicable taxes and excise duties;

**“SANAS”** means the South African National Accreditation System;

**“specific goals”** means specific goals as contemplated in section 2(1)(d) of the Act which may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender and disability including the implementation of programmes of the Reconstruction and Development Programme as published in *Government Gazette* No. 16085 dated 23 November 1994;

**“tender”** means a written offer in the form determined by an organ of state in response to an invitation to provide goods or services through price quotations, competitive tendering process or any other method envisaged in legislation;

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

**“Total revenue”** bears the same meaning assigned to this expression in the Codes of Good Practice;

**“Trust”** means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person;

**“Trustee”** means any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person;

**“Treasury guidelines”** means any guidelines on supply chain management issued by the Minister of Finance in terms of section 168 of the Municipal Finance Management Act;

**“the Act”** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

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

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

**“The Regulations”** means the Local Government: Municipal Finance Management Act, 2003: Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

**“Township”** means an underdeveloped, racially segregated urban areas established during Apartheid. These areas were reserved for non-white populations (Black Africans, Coloureds, and Indians) and were typically built on the peripheries of cities or towns

**“Verbal Quotations”** means a verbal process of inviting quotations from an identified limited number of potential suppliers for the supply goods, services and/or works;

**“Written quotations”** means quotations referred to in paragraph 12 (1) (c) of this policy.

**“youth”** means individuals aged 15–34 years;

## CHAPTER 1

### IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

#### 2. SUPPLY CHAIN MANAGEMENT POLICY

- (1) All officials and other role players in the Supply Chain Management System of the municipality must implement this Policy in a way that:
  - a. gives effect to –
    - (i) Section 217 of the Constitution; and
    - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
  - b. is fair, equitable, transparent, competitive and cost effective;
  - c. complies with –
    - (i) the Regulations; and
    - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
  - d. is consistent with other applicable legislation;
  - e. does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres of **government**; and
  - f. is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
  
- (2) This Policy applies when the Municipality:
  - a. procures goods or services;
  - b. disposes goods no longer needed;
  - c. selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act, **2000 (Act No. 32 of 2000)**, applies,
  - d. selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act, 2000 for the provision of municipal services in circumstances contemplated in section 83 of that Act.

(3) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including:

- 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.

### **3. AMENDMENT OF THE SUPPLY CHAIN MANAGEMENT POLICY**

(1) The Accounting Officer must –

- a. at least annually review the implementation of this Policy; and
- b. when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the council

(2) If the accounting officer submits proposed amendments to the council that differs from the model policy issued by the National Treasury, the Accounting officer must –

- a. ensure that such proposed amendments comply with the Regulations; and
- b. report any deviation from the model policy to the National Treasury and the relevant provincial treasury.

(3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

### **4. DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES**

(1) The council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –

- a. to discharge the supply chain management responsibilities conferred on accounting officers in terms of – (i) Chapter 8 or 10 of the Act; and
    - (ii) this Policy;
  - b. to maximize administrative and operational efficiency in the implementation of this Policy;
  - c. to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favoritism and unfair and irregular practices in the implementation of this Policy; and
  - d. to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- (2) Sections 79 and 106 of the Act apply to the sub delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).
- (3) The accounting officer may not sub delegate any supply chain management powers or duties to a person who is not an official of the Municipality or to a committee which is not exclusively composed of officials of the Municipality
- (4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

## **5. SUB DELEGATIONS**

- (1) The accounting officer has in terms of section 79 or 106 of the Act sub delegated the following supply chain management powers and duties, including those delegated to him in terms of this Policy.
- (2) The authority to make the final award
  - a) of any bid above excess of R10 million remains with the Accounting Officer on recommendation of the Bid Adjudication Committee provided that Budget provision exists for such purchase and that the Finance Department has certified that sufficient funds are available for such purchase.

- b) of any bid above the value of R300 000,00 (VAT included) remains with the Accounting Officer on recommendation of the Bid Adjudication Committee provided that Budget provision exists for such purchase and that the Finance Department has certified that sufficient funds are available for such purchase.
- c) The authority to make the final award is delegated to
  - i. Directors together with the CFO of the Municipality up to a value of R300, 000,00 (including VAT) provided that Budget provision exists for such purchase and that the Finance Department has certified that sufficient funds are available for such purchase.
  - ii. Managers up to the value of R30 000,00 (including VAT) provided that Budget provision exists for such purchase and that the Finance Department has certified that sufficient funds are available for such purchase.
- d) the authority of the Accounting Officer to authorize the closure of competitive bids within a period of less than 14 days in urgent or emergency cases remains with the accounting Officer;
- e) The authority of the Accounting Officer to negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders in terms of paragraph 24 is delegated to the Bid Adjudication Committee; and

(3) An official or bid adjudication committee to which the power to make final awards has been sub delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including–

- a. the amount of the award;
- b. the name of the person to whom the award was made; and
- c. the reason why the award was made to that person.

(4) A written report referred to in subparagraph (3) must be submitted –

- a. To the accounting officer, in the case of an award by –
  - (i) the chief financial officer;

(ii) **directors** on the staff establishment of the Municipality; or

b. To the Chief Financial Officer or the **directors** on the staff establishment of the Municipality responsible for the relevant bid, in the case of an award by –

- (i) a manager referred to in subparagraph (2)(a)(i); or
- (ii)

(5) Subparagraphs (3) and (4) of this policy do not apply to procurements out of the petty cash.

(6) This paragraph may not be interpreted as permitting an official to whom in the power to make final awards has been sub delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

(7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

N.B: Failure to adhere with the above-mentioned delegations will result in consequence management being instituted.

## **6. OVERSIGHT ROLE OF COUNCIL**

(1) The council reserves its right to maintain oversight over the implementation of this Policy.

(2) For the purposes of such oversight the accounting officer must – (i) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality; and

- (ii) 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 Mayor.

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

## **7. SUPPLY CHAIN MANAGEMENT UNIT**

(1) A Supply Chain Management unit is hereby established to implement this Policy.

(2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

## **8. TRAINING OF SUPPLY CHAIN MANAGEMENT OFFICIALS**

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

## **CHAPTER 2**

### **FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT SYSTEM**

#### **9. FORMAT OF SUPPLY CHAIN MANAGEMENT SYSTEM**

This Policy provides systems for –

- (i) demand management;
- (ii) acquisition management;
- (iii) logistics management;
- (iv) disposal management;
- (v) risk management; and
- (vi) performance management.

### **PART 1: DEMAND MANAGEMENT**

#### **10. 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 the 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, budgeted for, timely and effectively delivered at the right locations, at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
  - b. take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature;
  - c. provide for the compilation of the required specifications to ensure that its needs are met;
  - d. take into account an analysis of the past spending; and
  - e. undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.
  - f. The Municipality is required to submit approved procurement plans containing all planned procurement for the financial year in respect of the procurement of goods, works and or services which exceed R300 000.000 (all applicable taxes included by no later than 31 July each year.
  - g. The first bi-annual (quarterly) report on the implementation of the procurement plan must be submitted not later than the 15<sup>th</sup> of January (October) and the annual (bi-annual 15<sup>th</sup> Jan then annual) report on implementation of procurement plans not later than the 30<sup>th</sup> of July annually.

## **PART 2: ACQUISITION MANAGEMENT**

### **11. SYSTEM OF ACQUISITION MANAGEMENT**

- (1) The Accounting Officer must implement the System of Acquisition Management set out in this Part in order to ensure –
- a. that goods and services are procured by the Municipality in accordance with authorized processes only;
  - b. that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
  - c. that the threshold values for the different procurement processes are complied with;

- d. that the approval of the thresholds for supply chain officials are set and reviewed annually;
- e. that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
- f. that any Treasury guidelines on acquisition management are properly taken into account.

(2) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including:

- i. water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
- ii. electricity from Eskom or another public entity, another municipality or a municipal entity.

(3) When procuring goods or services contemplated in section 110(2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's Supply

Chain Management System, including -

- a. the kind of goods or services; and
- b. the name of the supplier.

## **12. RANGE OF PROCUREMENT PROCESSES**

(1) Goods and services may only be procured by way of –

- a. petty cash purchases on a verbal quotation basis for items specified in the municipality's Petty Cash policy up to a transaction value of R300 (VAT included);
- a. verbal or written quotation, up to a transaction value of R2 000 (VAT included);
- b. Three written quotations for procurements of a transaction value over R2 000 up to R300 000 (VAT included); and
- c. a competitive bidding process for–
  - (i) procurements above a transaction value of R300 000

(VAT included); and

(ii) the procurement of long-term contracts.

(2) The Accounting Officer may, in writing-

a. lower, but not increase, the different threshold values specified in subparagraph (1); or

b. direct that –

(i) formal written price quotations be obtained for any specific procurement of a transaction value lower than R30 000; or

(ii) a competitive bidding process be followed for any specific procurement of a transaction value below R300 000.

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

### **13. GENERAL PRECONDITIONS FOR CONSIDERATION OF WRITTEN QUOTATIONS OR BIDS**

A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –

(a) is registered on the Central Supplier Database of the National Treasury

(b) has furnished that provider's –

(i) full name;

(ii) identification number or company or other registration number; and

(iii) tax reference number and VAT registration number, if any;

(c) has authorised the municipality to obtain a tax clearance from the South

African Revenue Services that the provider's tax matters are in order; and

(d) has, where applicable, provided the municipality with a clearance certificate from the Construction Industry Development Board to the effect that he holds a valid registration certificate issued by the Board;

(e) has provided the municipality with a "Certificate of Independent Bid Determination" on Form MBD 9 or a similar form;

(f) has provided a certificate issued by the municipality or any other municipality to which he may be indebted, to the effect that he and, in the event of the bidder being a company, also any of its directors, is not indebted to the municipality or to any other municipality or municipal entity for rates, taxes and/or municipal service charges which are in arrears for a period of more than three months and that no dispute exists between such bidder and municipality or municipal entity concerned in respect of any such arrear amounts;

(g) has indicated –

(i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;

(ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or

(iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

#### **14. LIST OF ACCREDITED PROSPECTIVE PROVIDERS**

(1) The Accounting Officer will –

a. keep a list of accredited prospective providers of goods and services that must be used for procurement requirements of the municipality for formal written quotations.

b. at least once a year through newspapers commonly circulating locally, the website of the municipality to invite prospective providers of goods or services for evaluation and listing as an accredited prospective provider.

c. the listing criteria for accredited prospective providers is

i Registration onto the CSD

ii A tax compliant status on the CSD

- iii Declaration of interest
- iv Valid municipal billing clearance certificate
- v Proof of banking details also verified on the CSD
- vi Any other documents as required on the BCRM database registration form.

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 will be continuously updated to include any additional prospective providers, any new commodities or types of services. Prospective providers will be allowed to submit applications anytime.

#### **15. PETTY CASH PURCHASES**

Petty cash purchases must only be made in accordance with the Petty Cash Policy of the municipality.

The responsibility for the management of petty cash will be in the Finance department.

#### **16. WRITTEN QUOTATIONS**

The conditions for the procurement of goods or services through written or verbal Quotations, are as follows:

- (a) quotations must be obtained from at least three different providers preferably from but not limited to providers whose names appear on the list of accredited prospective providers of the municipality, provided that if quotations are obtained from providers who are not listed such providers must meet the listing criteria and in particular must be registered on the National Treasury's Central Supplier Database.
- (b) to the extent feasible, providers must be requested to submit such quotations in writing;
- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer.
- (d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- (e) all quotations must be in writing.

## **17. FORMAL WRITTEN PRICE QUOTATIONS**

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

a. All the quotations must be obtained from **at least three different service providers** whose names appear on the list of accredited prospective providers of the municipality.

b. Quotations may be obtained from providers who are not listed provided that such providers meet the listing criteria as per clause 14(1)(c) and must be registered on the National Treasury's Central Supplier Database.

c. if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Accounting Officer, and

d. the accounting officer must record the names of the potential providers and their written quotations.

(2) A designated official referred to in subparagraph (1)(c) must within 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.

## **18. PROCEDURES FOR PROCURING GOODS OR SERVICES THROUGH FORMAL WRITTEN PRICE QUOTATIONS:**

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

a. All requirements in excess of R30 000 (incl VAT) are to be procured by means of formal written price quotations must in addition to the requirements of clause 17, be advertised for at least seven days on the eTender, iTender (construction), website and official notice board of the municipality.

b. When using the list of accredited prospective providers the Accounting Officer must promote ongoing competition amongst

providers by inviting providers to submit quotations **on a rotational basis.**

c. Offers received must be evaluated on a comparative basis taking into account unconditional discounts;

d. the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub delegation;

e. Offers below R2 000 (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. offers above R2 000.00 up to R50 000 000.00 are subject to the preference points system (Government Gazette:40553) and must be awarded to the bidder who scored the highest points based on the 80/20 Preference Points System and will be calculate as follows;

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

Where:-  $P_s$  = Points scored for comparative price of bid or offer under consideration.

$P_t$  = Comparative price of bid or offer under consideration.

$P_{\min}$  = Comparative price of lowest acceptable bid or offer.

## **19. COMPETITIVE BIDS**

(1) Goods or services above a transaction value of R300 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.

(2) No requirement for goods or services above an estimated transaction value of R300 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

(3) All bids received will be evaluated as follows in terms of the Government Gazette No.40553:

a. The 80/20 Preference Point System will be applicable to all bids with a Rand Value equal to or above R300 000.00 up to a value of R50 000 000.00(All applicable Taxes Included) and will be calculated as follows:

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

Where:  $P_s$  = Points scored for comparative price of bid or offer under consideration

$P_t$  = Comparative price of bid or offer under consideration

$P_{\min}$  = Comparative price of lowest acceptable bid or offer

b. The 90/10 Preference Point System will be applicable to bids with a

Rand Value above R50 000 000.00 (All applicable Taxes Included) and will be calculated as follows:

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

Where:  $P_s$  = Points scored for comparative price of bid or offer under consideration

$P_t$  = Comparative price of bid or offer under consideration

$P_{\min}$  = Comparative price of lowest acceptable bid or offer

c. Points must be awarded to a bidder for attaining Specific Goals in accordance with the table below:

Specific Goals	Number of points (90/10 System)	Number of points (80/20 System)
<b>Historically Disadvantaged Individuals</b>		
- Race	1	2

- Gender	2	4
- Youth	1	2
- Disabled	1	2
<b>Locality of the Enterprise</b>		
- within the BCRM	2	4
- within Sarah Baartman District	1	2
- within the Eastern Cape	1	2
- in South Africa	1	2

## 20. PROCESS FOR COMPETITIVE BIDDING

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

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

## 21. BID DOCUMENTATION FOR COMPETITIVE BIDS

- (1) The criteria to which bid documentation for a competitive bidding process must comply, must –
- (a) take into account –
    - (i) the general conditions of contract and any special conditions of contract, if specified;
    - (ii) any Treasury guidelines on bid documentation; 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;
- (b) include evaluation and adjudication criteria, the preference points system to be used, goals as contemplated in the Preferential Procurement Regulations and, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–
  - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
    - (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;
- (ii) Particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
- (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
- (e) 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.

## **22. 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 newspapers commonly circulating locally, the website and notice board of the municipality, eTender, iTender 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) of this policy;

(ii) a statement that bids may only be submitted on the bid documentation provided by the municipality; and

(iii) date, time and venue of any proposed site meetings or briefing sessions.

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

(3) Bids submitted must be sealed.

(4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

### **23. PROCEDURE FOR HANDLING, OPENING AND RECORDING OF BIDS**

The procedures for the handling, opening and recording of bids, are as follows:

(a) Bids–

(i) must be opened only in public;

(ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and

(iii) received after the closing time should not be considered and returned unopened immediately.

(b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;

(c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and (d) The accounting officer must –

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

#### **24. 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;
- c. and does not lead to a higher price than the bid as submitted.

(2) Minutes of such negotiations must be kept for record purpose.

#### **25. TWO-STAGE BIDDING PROCESS**

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

- a. large complex projects;
- b. projects where it may be undesirable to prepare complete detailed technical specifications; or
- c. long term projects with a duration period exceeding three years;
- d. projects where evaluation of bids is based on functionality as a criterion;

(2) In the first stage:

- a. projects referred to in subparagraphs (1)(a) to (c), technical proposals or bids on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments;

b. projects referred to in subparagraphs (1)(d), proposals or bids must be invited and evaluated in terms of the functionality evaluation criteria embodied in the bid documents

(3) In the second stage:

a. Projects referred to in subparagraphs (1)(a) to (c), final technical proposals and priced bids should be invited;

b. Projects referred to in subparagraphs (1)(d) to (e), only proposals or bids that achieve the minimum qualifying score/percentage for functionality must be evaluated further in accordance with the 80/20 or 90/10 preference point systems prescribed in terms of Preferential Procurement Regulations 5 and 6.

## **26. COMMITTEE SYSTEM FOR COMPETITIVE BIDS**

(1) A committee system for competitive bids is hereby established,

a. the committee system consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:

- i a bid specification committee;
- ii a bid evaluation committee; and
- iii a bid adjudication committee;

b. The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and

c. A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.

(2) The committee system must be consistent with –

- a. paragraph 27, 28 and 29 of this Policy; and
- b. any other applicable legislation.

(3) The accounting officer may apply the committee system to formal written price quotations.

## **27. BID SPECIFICATION COMMITTEES**

(1) A Bid Specification Committee must compile the specifications for each procurement of goods or services by the municipality.

(2) Specifications –

- a. must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
- b. must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organization, or an authority accredited or recognized by the South African National Accreditation System with which the equipment or material or workmanship should comply;
- c. must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
- d. may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
- e. may not make reference to any particular trademark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent";
- f. must indicate each specific goal for which points may be awarded in terms of the point system as set out in section 19(3)(c) of this policy; and
- g. must be approved by the accounting officer prior to publication of the invitation for bids in terms of Section 22 of this Policy.

(3) A bid Specification Committee must be composed of one or more officials of the municipality preferably the manager responsible for the

function involved, and may, when appropriate, include external specialist advisors.

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

## **28 BID EVALUATION COMMITTEES**

(1) A Bid Evaluation Committee must –

(a) evaluate bids in accordance with –

(i) the specifications for a specific procurement; and

(ii) the points system set out in terms of paragraph 27(2)(f).

(b) evaluate each bidder's ability to execute the contract;

(c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;

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

(e) Criteria for breaking deadlock in scoring

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

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

(2) A Bid Evaluation Committee must as far as possible be composed of –

(a) officials from departments requiring the goods or services; and

(b) at least one supply chain management practitioner of the municipality.

## **29 BID ADJUDICATION COMMITTEES**

(1) A Bid Adjudication Committee must –

(a) consider the report and recommendations of the bid evaluation committee; and

(b) either –

- (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
- (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.

(2) A Bid Adjudication Committee must consist of at least four senior managers of the municipality which must include –

- (a) the Chief Financial Officer or, if the Chief Financial Officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
- (b) at least one senior Supply Chain Management Practitioner who is an official of the municipality; and
- (c) a technical expert in the relevant field who is an official, if such an expert exists.

(3) The Accounting Officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

(4) Neither a member of a Bid Evaluation Committee and Specification Committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.

(5)(a) If the Bid Adjudication Committee decides to award a bid other than the one recommended by the Bid Evaluation Committee, the Bid Adjudication Committee must prior to awarding the bid –

- (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
- (ii) notify the Accounting Officer.

(b) The Accounting Officer may –

- (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the Bid Adjudication Committee referred to in paragraph (a); and
  - (ii) if the decision of the Bid Adjudication Committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (6) The Accounting Officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- (7) The Accounting Officer must, where applicable, comply with section 114 of the Act within 10 working days.

### **30 PROCUREMENT OF BANKING SERVICES**

- (1) A contract for banking services –
  - (a) must be procured through competitive bids;
  - (b) must be consistent with section 7 or 85 of the Act; and
  - (c) may not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- (3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1).
- (4) Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

### **31 PROCUREMENT OF IT RELATED GOODS OR SERVICES**

- (1) The Accounting Officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.

(3) The Accounting Officer must notify SITA together with a motivation of the IT needs if –

(a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or

(b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).

(4) If SITA comments on the submission and the municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

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

(1) The municipality will not procure goods or services under a contract secured by another organ of state, except use of Transversal Contracts of National Treasury but only upon Treasury granting permission to participate in the particular RT contract.

### **33. PROCUREMENT OF GOODS NECESSITATING SPECIAL SAFETY ARRANGEMENTS**

(1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided wherever possible.

(2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

### **34 PROUDLY SA CAMPAIGN**

- 1) The municipality supports the Proudly SA Campaign to the extent that, all things being equal (Total Points scored), preference is given to procuring local goods and services from:
  - a) Firstly – suppliers and businesses within the Municipal or Sarah Baartman District Municipal area;
  - b) Secondly - suppliers and businesses within the Eastern Cape Province;
  - c) Thirdly – suppliers and businesses within the Republic of South Africa.

### **35 APPOINTMENT OF CONSULTANTS**

- (1) The Accounting Officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.
- (2) Consultancy services must be procured through competitive bids if:
  - (a) the value of the contract exceeds R300 000 (VAT included); or
  - (b) the duration period of the contract exceeds one year.
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
  - (a) all consultancy services provided to an organ of state in the last five years; and
  - (b) any similar consultancy services provided to an organ of state in the last five years.
- (4) The Accounting Officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.
- (5) Consultants will only be utilized where there is a shortage of skills and they must transfer skills to the employees of the municipality which must be determined by the end-user Department before the commencement of the project.

### **36 DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF, PROCUREMENT PROCESSES**

- (1) The Accounting Officer may –

(a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations but only –

- (i) in an emergency;
  - (ii) if such goods or services are produced or available from a single provider only;
  - (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
  - (iv) acquisition of animals for zoos and/or nature and game reserves; or
  - (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes;
- 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 as a note to the annual financial statements.

(3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

**(4) Emergency dispensation**

- a) Conditions warranting an must include one or more of the following;
- i) the real and imminent risk of human injury or death,
  - ii) the prevalence of human suffering and deprivation of fundamental human rights,
  - iii) the real and imminent risk of substantial damage to property and suffering or death of livestock or other animals,
  - iv) the significant interruption of essential services, including transportation, communication or other support services critical to the effective functioning of the municipality as a whole, and

- v) the real and imminent risk of serious damage occurring to the natural environment.
- b) the aforesaid conditions must be of such nature and scale that they cannot readily be alleviated by interim measures to permit the implementation of standard procurement procedures.
- c) where possible three quotes must be obtained in accordance with general acquisition management principles and a report must be submitted to the accounting officer for approval.

### **37 UNSOLICITED BIDS**

- (1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- (2) The Accounting Officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –
  - (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
  - (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
  - (c) the person who made the bid is the sole provider of the product or service; and
  - (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- (3) If the Accounting Officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –
  - (a) reasons as to why the bid should not be open to other competitors;
  - (b) an explanation of the potential benefits if the unsolicited bid 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 seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

### **38 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, favoritism, unfair or irregular practices or failure to comply with this Policy, and when justified –

(i) take appropriate steps against such official or other role player; or

(ii) report any alleged criminal conduct to the South African Police Service;

- (c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
- (d) reject any bid from a bidder–
  - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or
  - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
- (e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
- (f) cancel a contract awarded to a person if –
  - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
  - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- (g) reject the bid of any bidder if that bidder or any of its directors –
  - (i) has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
  - (ii) has been convicted for fraud or corruption during the past five years;
  - (iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or

(iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

(2) The Accounting Officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs

(1)(b)(ii), (e) or (f) of this policy.

### **PART 3: LOGISTICS, DISPOSAL, RISK AND PERFORMANCE MANAGEMENT**

#### **39 LOGISTICS MANAGEMENT**

The Accounting Officer must establish and implement an effective system of logistics management, which must include -

- (a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- (b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- (d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- (e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;

#### **40 DISPOSAL MANAGEMENT**

(3) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act, are as follows:

- (i) the Accounting Officer must establish and implement an appropriate disposal management system in order to ensure that the disposal or letting of assets, including unserviceable, redundant or obsolete assets is in terms of the MFMA;
  - (ii) the disposal management system must include the disposal plan, market assessment, disposal method, how to execute the disposal and the updating of the procurement plan and asset register.
- (4) Assets may be disposed of by:
- (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of asset;
  - (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
  - (iii) selling the asset; or
  - (iv) destroying the asset.
- (5) The Accounting Officer must ensure that –
- (a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
  - (b) movable assets are 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) fire arms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
  - (d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
  - (e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
  - (f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and

(g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

#### **41 RISK MANAGEMENT**

- 1) The accounting officer must establish and implement an effective system of risk management for the identification, consideration and avoidance of potential risks in the supply chain management system.
- 2) Risk management must include -
  - a) the identification of risks on a case-by-case basis;
  - b) the allocation of risks to the party best suited to manage such risks;
  - c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
  - d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
  - e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

#### **42 CONTRACT MANAGEMENT**

- (1) All Contracts and or SLA's must be signed before commencing with the project.
- (2) No payment will be made unless the SLA is duly signed by the Municipal Manager and the successful bidder.
- (3) SLA "s must be verified and vetted by Legal Services before they are signed by the accounting officer and the service provider.
- (4) Contract register monthly reports must be submitted to Senior Management Commiittee meetings and quarterly to Council for oversight with a monthly record of how many contracts are due to expire in 6 months and or 12 months.
- (5) Contract Management Policy applies to the day-to-day management of all contracts procured in terms of this policy.

#### **43 PERFORMANCE MANAGEMENT AND OVERSIGHT**

(1) The Accounting Officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.

(2) In the monitoring of supply chain management performance, the Accounting Officer together with the Chief Financial Officer, must set goals and performance criteria for SCM officials against which performance can be measured.

(3) Issues that need to be included in the relevant reviews include:

- (a) achievement of goals;
- (b) compliance to norms and standards;
- (c) savings generated;
- (d) Stores efficiency;
- (e) cost variances per item and across business units;
- (f) contract management;
- (g) cost efficiency of the procurement process;
- (h) supply chain management objectives in line with the provisions of the CIDB Act and regulations;

(4) Monthly and or quarterly contract progress reports must be submitted to the end user by the service provider. The end user must submit monthly and or quarterly progress & performance monitoring reports to the SCM Manager then Accounting officer for performance management and such reports will be submitted quarterly to Council for its oversight.

(5) The reports must include the supplier performance score card, contract expenditure and or close out report.

(6) Poor performance must be investigated by the end user department and SCM manager and agree on remedial actions with the service provider.

(7) The User department must monitor poor performance and follow dispute and resolution procedure and apply relevant penalties where applicable.

(8) Non-performing contractors will be reported to Council and National Treasury and also be blacklisted on the internal database as defaulters.

## **PART 4: OTHER MATTERS**

### **44 PROHIBITION ON AWARDS TO PERSONS WHOSE TAX MATTERS ARE NOT IN ORDER (MFMA CIRCULAR 90)**

- (6) No award will be made in terms of this policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- (7) Before making an award to a person the Accounting Officer must verify the person's tax status on CSD.
- (8) Where the recommended bidder is not tax compliant, the bidder should be notified of their non-compliant status and the bidder must be requested to submit to the municipality, within 7 working days, written proof from SARS of their tax compliance status or proof from that they have made arrangement to meet their outstanding tax obligations.
- (9) The proof of tax compliance status submitted by the bidder to the municipality must be verified via CSD or e-Filing.

### **45 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; /
- (c) a person who is an advisor or consultant contracted with the municipality.

### **46 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 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 –

- (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.

#### **47. ETHICAL STANDARDS**

(1) A code of ethical standards as set out in the National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management is hereby established for officials and other role players in the supply chain management system of the 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) General Principles–

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

(3) *Conflict of interest*

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

- (a) must treat all providers and potential providers equitably;
- (b) may not use his or her position for private gain or to improperly benefit another person;
- (c) may not accept any reward, gift, favor, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
- (d) must declare to the accounting officer details of any reward, gift, favor, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
- (e) notwithstanding subclause 3 (c) above must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by the municipality;
- (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
- (g) must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;
- (h) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and
- (i) should not take improper advantage of their previous office after leaving their official position.

(4) *Accountability*

- (a) Practitioners are accountable for their decisions and actions to the public.
- (b) Practitioners should use public property scrupulously.

- (c) Only accounting officers or their delegates have the authority to commit the municipality to any transaction for the procurement of goods and/or services.
- (d) All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.
- (e) Practitioners must assist the accounting officer in combating fraud, corruption, favoritism and unfair and irregular practices in the supply chain management system.
- (f) Practitioners must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including:
  - (i) any alleged fraud, corruption, favoritism or unfair conduct;
  - (ii) any alleged contravention of the policy on inducements, rewards, gifts and favors to municipalities or municipal entities, officials or other role players; and
  - (iii) any alleged breach of this code of conduct.
- (g) Any declarations made must be recorded in a register which the accounting officer must keep for this purpose. Any declarations made by the accounting officer must be made to the mayor who must ensure that such declaration is recorded in the register.

#### 5. *Openness*

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

#### 6. *Confidentiality*

- (a) Any information that is the property of the municipality or its providers should be protected at all times. No information regarding any bid/contract/bidder/contractor may be revealed if such an action will infringe on the relevant bidder's / contractor's personal rights.

- (b) Matters of confidential nature in the possession of officials and other role players involved in SCM should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions also apply to officials and other role players involved in SCM after separation from service.

#### *7. Combative Practices*

- (a) Combative practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:
  - (i) Suggestions to fictitious lower quotations;
  - (ii) Reference to non-existent competition;
  - (iii) Exploiting errors in price quotations/bids;
  - (iv) Soliciting price quotations/bids from bidders/contractors whose names appear on the Register for Tender Defaulters.

#### *8. A breach of the code of ethics must be dealt with as follows -*

- (a) in the case of an employee, in terms of the disciplinary procedures of the municipality envisaged in section 67(1)(h) of the Municipal Systems Act;
  - (i) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
  - (ii) in all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

### **48 INDUCEMENTS, REWARDS, GIFTS AND FAVORS TO MUNICIPALITIES, 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 municipality for or in connection with the award of a contract; or
  - (b) any reward, gift, favor or hospitality to –
    - (i) any official; or
    - (ii) any other role player involved in the implementation of this Policy.

- (2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- (3) Subparagraph (1) does not apply to gifts less than R350 in value.

#### **49 SPONSORSHIPS**

- 1) The accounting officer must promptly disclose to the National and Eastern Cape 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 to the municipality; or
  - b) a recipient or prospective recipient of goods disposed of or to be disposed of by the municipality.

#### **50 OBJECTIONS AND COMPLAINTS**

- (1) 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.

#### **51 RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES**

- (1) The Accounting Officer must 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 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.
- (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.  
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.
- (3) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if –
  - (a) the dispute, objection, complaint or query is not resolved within 60 days; or
  - (b) no response is forthcoming within 60 days.
- (4) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.
- (5) This paragraph must not be read as affecting a person's rights to approach a court at any time.

## **51 CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER**

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

## **52. CONSTRUCTION INDUSTRY DEVELOPMENT BOARD (CIDB)**

The Construction Industry Development Board (CIDB) has been established by government to promote uniform application of policy to the construction industry.

### **a) When calling for construction related bids:**

- I. The prescribed CIDB (uniformity bid documents) must be utilised
- II. Only contractors registered with CIDB may be used
- III. All projects must be advertised also on the i-tender or e-tender system
- IV. Consultants used in the procurement process must adhere to the CIDB legislation

V. Consultants used in the procurement process are prohibited to provide goods, works or service related to the project; and

VI. Subcontract arrangements and joint venture initiatives must be aligned to CIDB guidelines and requirements

b) When evaluating construction related bids

I. The validity of the contractor's registration on the CIDB website must be verified

II. The bidders documents must be assessed against the prescribed CIDB contractor requirements

III. Calculations for joint venture grading must be done according to the CIDB prescriptions

**c) All construction related procurement and projects above minimum threshold R30 million should be undertaken in accordance with the Local Government Framework for Infrastructure Delivery and Procurement Management (IDPM) – Refer to Annexure B**

d) Other matters

I. all projects approved by the municipality must be registered with the CDIB

II. contracts registered on the i-tender systems must be update and completed

III. non-performance and non-compliance of contractors must be reported to the CIDB as per CIDB guidelines

### **53. COMMENCEMENT**

This Policy takes effect on date of adoption by council and should be reviewed annually.

### **ANNEXURE A – CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT PRACTITIONERS AND OTHER ROLE PLAYERS**

### **ANNEXURE B – SUPPLY CHAIN PROCESS FOR INFRASTRUCTURE DELIVERY AND PROCUREMENT MANAGEMENT**

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

*In accordance with regulation 46(4) and 46(5) of the Local Government Municipal Finance Management Act, 2003: Municipal Supply Chain Management Regulations, the supply chain management policy of a municipality or municipal entity is required take into account the National Treasury's code of conduct for supply chain management practitioners and other role players. Alternatively a municipality or municipal entity may adopt the National Treasury code of conduct. When adopted, such code of conduct becomes binding on all officials and other role players involved in the implementation of the supply chain management policy of the municipality or municipal entity.*

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

### General Principles

**Blue Crane Route Municipality** commits itself to a policy of fair dealing and integrity in the conducting of its business. Officials and other role players involved in supply chain management (SCM) are in a position of trust, implying a duty to act in the public interest. Officials and other role players should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.

1.1 Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly.

1.2 Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against

any group or individual. They should not abuse the power and authority vested in them.

## 2 Conflict of interest

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

- (a) must treat all providers and potential providers equitably;
- (b) may not use his or her position for private gain or to improperly benefit another person;
- (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350 or as may be set by council;
- (d) must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
- (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by the municipality ;
- (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
- (g) must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;
- (h) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and
- (i) should not take improper advantage of their previous office after leaving their official position.

### **3 Accountability**

3.1 Practitioners are accountable for their decisions and actions to the public.

3.2 Practitioners should use public property scrupulously.

3.3 Only accounting officers or their delegates have the authority to commit the municipality to any transaction for the procurement of goods and / or services.

3.4 All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.

3.5 Practitioners must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system.

3.6 Practitioners must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including

- (i) any alleged fraud, corruption, favouritism or unfair conduct;

- (ii) any alleged contravention of the policy on inducements, rewards, gifts and favours to municipalities or municipal entities, officials or other role players; and
- (iii) any alleged breach of this code of conduct.

3.7 Any declarations made must be recorded in a register which the accounting officer must keep for this purpose. Any declarations made by the accounting officer must be made to the **Blue Crane Route Council** who must ensure that such declaration is recorded in the register.

#### **4 Openness**

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

#### **5 Confidentiality**

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

#### **Bid Specification / Evaluation / Adjudication Committees**

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

6.2. Bid evaluation / adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.

6.3 All members of bid adjudication committees should be cleared by the accounting officer at the level of "CONFIDENTIAL" and should be required to declare their financial interest annually.

6.4 No person should-

6.4.1 interfere with the supply chain management system of the council; or

6.4.2 amend or tamper with any price quotation / bid after its submission.

**6 Combative Practices**

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

- (i) Suggestions to fictitious lower quotations;
- (ii) Reference to non-existent competition;
- (iii) Exploiting errors in price quotations / bids;
- (iv) Soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters.

I ....., an employee of Blue Crane Route Municipality , hereby acknowledges the Blue Crane Route Municipality’s Code of Conduct for Supply Chain Management and commits to abide by it in the spirit to which it is intended for.

- I acknowledge that my integrity can only be affirmed by how I am deemed by others and therefor will uphold the Supply Chain Management Policy of the Municipality to the letter and spirit to which it is intended for.
- I will refrain from any conduct which may be deemed to be fraudulent in nature or could be seen as bringing disrepute to the image of Council.
- I acknowledge my responsibility for continuous professional development in familiarising myself with the changes in the relevant and applicable legislation of Supply Chain Management and any other relevant procurement legislation.

Signature .....  
Name of Official .....  
Date of Signature .....

Annexure B

# Local Government Framework for Infrastructure Delivery and Procurement Management

Date of issue: 01 October 2020

Effective Date: 01 July 2021



**national treasury**

Department  
National Treasury  
REPUBLIC OF SOUTH AFRICA



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## Foreword

In 2012, the Infrastructure Delivery Management System (IDMS) was adopted as the chosen government wide system for infrastructure delivery in South Africa. In the same year (2012), the National Treasury, together with the eight metropolitan municipalities, initiated the customisations of the IDMS for implementation by municipalities. The product of that engagement became the Cities Infrastructure Delivery Management Toolkit (CIDMT), focusing mainly on cities or metros.

In order to establish a common approach to infrastructure delivery across all organs of state, the Standard for Infrastructure Procurement and Delivery Management (SIPDM) was issued for adaptation and adoption by municipalities in terms of Circular 77.

In the process of implementing and institutionalising the SIPDM, institutions expressed concerns regarding the operational challenges imposed by aspects of the SIPDM. This constraint was further compounded when the Preferential Procurement Regulations, 2017 were promulgated and effected, resulting in conflict between the SIPDM and the Regulations.

The National Treasury, in consultation with relevant stakeholders, initiated the SIPDM review process, which resulted in the development of the Local Government Framework for Infrastructure Delivery and Procurement Management (LGFIDPM). The LGFIDPM provides for minimum requirements for effective governance of infrastructure delivery and procurement management. It also recognises the different capacities in the various categories of municipalities and therefore requests municipalities to review their institutional and capacities before adapting and adopting this model.

## Introduction

- a) The Integrated Development Plan (IDP) is the principal strategic planning instrument for municipalities. The IDP process requires a robust process of gathering and synthesising information related to the medium to long-term management of the municipality's infrastructure needs.
- b) The preparation of Roads and Storm Water Services, Water and Sanitation Services, Waste Disposal Services, Electricity Services and Community Facilities and Municipal Buildings, Infrastructure Asset Management Plans (IAMPs) enables municipalities to rank projects and determine budgets, based on a holistic view of local needs and priorities; and serves as a source of valuable information in preparing the IDP.
- c) Through the Infrastructure Delivery Management System, Cities Infrastructure Delivery Management System was developed to provide a holistic system for the management of infrastructure based on the requirements of SANS 55001: Asset management tailored for application in South African metropolitan spaces and specifically in support of the country's spatial transformation agenda.
- d) There is need to develop an infrastructure delivery management system tailor-made for all municipalities (excluding cities) which should integrate asset management strategy, policy to guide infrastructure planning, delivery management and decision making. The LGFIDPM introduces the initial process focusing on the project processes of the infrastructure delivery management and infrastructure procurement.
- e) The Framework for Infrastructure Procurement Management should be implemented together with the project management processes, to ensure alignment, integration and efficient and effective service delivery.

## 1. Scope

- 1.1. The Local Government FIDPM applies to organs of state which are subject to the Municipal Finance Management Act (MFMA).
- 1.2. The Framework provides minimum requirements for the implementation of Infrastructure Delivery and Procurement Management through the:
  - a) Project processes for infrastructure delivery management, and
  - b) Infrastructure procurement gates.
- 1.3. The Framework specifies the allocation of responsibilities for performing activities and making decisions at project stages and procurement gates.

## 2. Terms and Definitions

**Approved:** Officially agreed and signed-off by an Accounting Officer or a delegated person / body.

**Construction:** Everything constructed or resulting from construction operations.

**Employer:** Organ of state intending to, or entering into, a contract with a contractor.

**Gate:** A control point at the end of a process where a decision is required before proceeding to the next process or activity.

**Gateway review:** An independent review of the available information at a gate upon which a decision is made whether to proceed to the next process, or not.

**Infrastructure:**

- a) Immovable asset, which is acquired, constructed or results from construction operations; or
- b) Movable asset, which cannot function independently from purpose-built immovable asset(s).

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

**Infrastructure procurement:** The procurement of goods or services, including any combination thereof, associated with the acquisition, refurbishment, rehabilitation, alteration, maintenance, operation or disposal of infrastructure.

**Organ of State:** Any department of state or administration in the national, provincial and local sphere of government.

**Procurement strategy:** The selected packaging, contracting, pricing and targeting strategy and procurement procedure for a particular procurement.

**Project:** A unique set of processes consisting of coordinated and controlled activities with start and end dates, performed to achieve the project objective.

**Stage:** A collection of periodical and logically related activities in the Project Management Control Stages, that culminates in the completion of an end of stage deliverable.

### **3. ABBREVIATIONS**

CIDB	Construction Industry Development Board
IDP	Integrated Development Plan
FIDPM	Framework for Infrastructure Delivery and Procurement Management
MFMA	Municipal Finance Management Act
PSP	Professional Service Provider
PPPFA	Preferential Procurement Policy Framework Act
SCM	Supply Chain Management
SDBIP	Service Delivery Budget Implementation Plan

## **4. NORMATIVE REFERENCES**

### **4.1 Acts of Parliament**

The following referenced Acts of Parliament are indispensable in the application of this document:

- Architectural Profession Act, 2000 (Act No. 44 of 2000)
- Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)
- Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)
- Construction Industry Development Board Act, 2000 (Act No. 38 of 2000)
- Division of Revenue Act (Annual)
- Engineering Profession Act, 2000 (Act No. 46 of 2000)
- Landscape Architectural Profession Act, 2000 (Act No. 45 of 2000)
- Municipal Finance Management Act, (No. 56 of 2003)
- Local Government: Municipal Systems Act, 2000 (Act No. 32 Of 2000)
- National Archives and Record Services of South Africa Act, 1996 (Act No. 43 of 1996)
- Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)
- Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)
- Project and Construction Management Professions Act, 2000 (Act No. 48 of 2000)
- Public Finance Management Act, 1999 (Act No. 1 of 1999) □ Quantity Surveying Profession Act of 2000 (Act No. 49 of 2000) □ Other Sector Specific Acts of Parliament.

### **4.2 Regulations issued in terms of the MFMA and MFMA Circulars**

- Regulations issued in terms of the MFMA
- Preferential Procurement Policy Framework Act Regulations (PPPFA of 2017 or as amended from time to time) and circulars.

### **4.3 Standards**

- Applicable Construction Industry Development Board Standard for Uniformity
- Construction Sector Code.

### **4.4 Management System**

- Infrastructure Delivery Management System (IDMS)
- Cities Infrastructure Delivery Management Toolkit (CIDMT).

### **4.5 National Treasury Guidelines**

- Local Government Capital Asset Management Guideline and Planning Guidelines □ Budget Facility for Infrastructure (BFI).

### **4.6 Department of Cooperative Governance and Traditional Affairs Guidelines**

- Guidelines for Infrastructure Asset Management in Local Government.

## **5. FRAMEWORK FOR INFRASTRUCTURE DELIVERY**

### **5.1 The Infrastructure Delivery Management Project Processes**

- a) The project process of infrastructure delivery management contains control stage deliverables at the end of each stage. Table 1 outlines the stage deliverables that must be approved. The control stages are specific to project management processes; and outline and describe the

stages in the life of a project from start to end. The specific stages are determined by the specific project's governance and control needs. The stages follow a logical sequence with a specified start and end. The deliverable is considered to have passed through the relevant stage when it is approved and signed off. The project then moves on to the next sequential stage. It is expected that the municipality's organisation reflects an engagement between the Budget Treasury Office, Engineers and Planners when developing and approving projects. It is also expected that there should be engagements with the National and Provincial Treasury where appropriate or where projects dictate so.

**Table 1: Project stage deliverables**

Stage		Project Stage Deliverables
No	Name	End of Stage Deliverables
1	Initiation	<p><b>Initiation Report or Pre-feasibility Report</b></p> <p>(i) The Initiation Report defines project objectives, needs, acceptance criteria, organisation's priorities and aspirations, and procurement strategies, which set out the basis for the development of the Concept Report.</p> <p>Or</p> <p>(ii) A Pre-feasibility Report is required on Mega Capital Projects, to determine whether to proceed to the Feasibility Stage; where sufficient information is presented to enable a final project implementation decision to be made. Mega capital projects should be determined in the municipality's policy approved by the Municipal Council.</p> <p><b>Stage 1 is complete when the Initiation Report or Pre-feasibility Report is approved.</b></p>
2	Concept	<p><b>Concept Report or Feasibility Report</b></p> <p>(i) The Concept Stage presents an opportunity for the development of different design concepts to satisfy the project requirements developed in Stage 1. This stage presents alternative approaches and an opportunity to select a particular conceptual approach. The objective of this stage is to determine whether it is viable to proceed with the project, premised on available budget, technical solutions, time frame and other information that may be required.</p> <p>(ii) The Concept Report should provide the following minimum information:</p>

Stage		Project Stage Deliverables
No	Name	End of Stage Deliverables

		<p>a) Document the initial design criteria, cost plan, design options and the selection of the preferred design option; or the methods and procedures required to maintain the condition of infrastructure, or the project.</p> <p>b) Establish the detailed brief, scope, scale, form and cost plan for the project, including, where necessary, the obtaining of site studies and construction and specialist advice.</p> <p>c) Provide an indicative schedule for documentation and construction, or maintenance services, associated with the project.</p> <p>d) Include a site development plan, or other suitable schematic layouts, of the works.</p> <p>e) Describe the statutory permissions, funding approvals and utility approvals required to proceed with the works associated with the project.</p> <p>f) Include a baseline risk assessment for the project and a health and safety plan, which is a requirement of the Construction Regulations issued in terms of the Occupational Health and Safety Act.</p> <p>g) Contain a risk report, need for further surveys, tests, investigations, consents and approvals, if any, during subsequent stages.</p> <p>(iii) A Feasibility Report must provide the following minimum information:</p> <p>a) Details regarding the preparatory work covering:</p> <ul style="list-style-type: none"> <li>• A needs and demand analysis with output specifications.</li> <li>• An options analysis.</li> </ul> <p>b) A viability evaluation covering:</p> <ul style="list-style-type: none"> <li>• A financial analysis.</li> <li>• An economic analysis, if necessary.</li> </ul> <p>c) A risk assessment and sensitivity analysis;</p> <p>d) A professional analysis covering:</p> <ul style="list-style-type: none"> <li>• A technology options assessment.</li> <li>• An environmental impact assessment.</li> <li>• A regulatory due diligence.</li> </ul> <p>e) An implementation readiness assessment covering:</p> <ul style="list-style-type: none"> <li>• Institutional capacity.</li> <li>• A procurement plan.</li> </ul> <p><b>2 is complete when the Concept Report or the Feasibility Report is approved.</b></p>
3	Design Development	<p><b>Design Development Report</b></p> <p>(i) The Design Development Report must, as necessary:</p> <p>a) Develop, in detail, the approved concept to finalise the design and definition criteria.</p>

Stage		Project Stage Deliverables
No	Name	End of Stage Deliverables
		<ul style="list-style-type: none"> <li>b) Establish the detailed form, character, function and costings.</li> <li>c) Define the overall size, typical detail, performance and outline specification for all components.</li> <li>d) Describe how infrastructure, or elements or components thereof, are to function; and how they are to be safely constructed, be commissioned and be maintained.</li> <li>e) Confirm that the project scope can be completed within the budget, or propose a revision to the budget.</li> </ul> <p><b>Stage 3 is complete when the Design Development Report is approved.</b></p>
4	<b>Design Documentation</b>	<p><b>Design Documentation</b></p> <ul style="list-style-type: none"> <li>(i) Design documentation provides: <ul style="list-style-type: none"> <li>a) the production information that details performance definition, specification, sizing and positioning of all systems and components that will enable construction;</li> <li>b) the manufacture, fabrication and construction information for specific components of the work, informed by the production information.</li> </ul> </li> </ul> <p><b>Stage 4 is complete when the Design Documentation Report is approved.</b></p>
5	<b>Works</b>	<p><b>Completed Works capable of being used or occupied (i)</b></p> <p>Completion of the Works Stage requires:</p> <ul style="list-style-type: none"> <li>a) Certification of the completion of the works in accordance with the provisions of the contract; or</li> <li>b) Certification of the delivery of the goods and associated services in accordance with the provisions of the contract.</li> </ul> <p><b>Stage 5 is complete when the Works Completion Report is approved.</b></p>
6	<b>Handover</b>	<p><b>Works which have been taken over by the user or owner; Completed Training; Record Information</b></p> <ul style="list-style-type: none"> <li>(i) The handover stage requires the following activities to be undertaken: <ul style="list-style-type: none"> <li>a) Finalise and assemble record information which accurately reflects the infrastructure that is acquired, rehabilitated, refurbished or maintained;</li> <li>b) Hand over the works and record information to the user organisation and, if necessary, train end user staff in the operation of the works.</li> </ul> </li> </ul> <p><b>Stage 6 is complete when the Handover/Record Information Report is approved.</b></p>

<b>7</b>	<b>Close-Out</b>	<b>Defects Certificate or Certificate of Final Completion; Final Account; Close-Out Report</b>
<b>Stage</b>		<b>Project Stage Deliverables</b>
<b>No</b>	<b>Name</b>	<b>End of Stage Deliverables</b>
		<p>(i) The Close-Out Stage commences when the end user accepts liability for the works. It is complete when:</p> <ul style="list-style-type: none"> <li>a) Record information is archived;</li> <li>b) Defects certificates and certificates of final completion are issued in terms of the contract;</li> <li>c) Final amount due to the contractor is certified in terms of the contract;</li> <li>d) Close-Out Report is prepared by the Implementer and approved by the Municipality.</li> </ul> <p><b>Stage 7 is complete when the Close-out Report is approved.</b></p>

- b) Procurement of PSPs and Contractors can occur at different points in the project stages.
- c) Additional stages may be added to the described stages above, if deemed necessary. For example, additional stages could include those necessary to ensure that project activities are appropriately carried out and stages linked. Contract activities would, in many instances, be contingent upon the requirements of the specific contract being used.
- d) For project progress using the project stages, reporting must be for the deliverable achieved in the stage immediately prior to the 'in progress' stage. For example, if a project is shown as being at Stage No. 3 (Design Development), it implies that the deliverable for Stage No. 2 (i.e. the Concept Report) has been achieved; and that the deliverable for Stage 3 (i.e. the Design Development Report) is in the process of being prepared.
- e) Where an organ of state engages another organ of state to provide agency services, a service delivery agreement must be developed that outlines the roles and responsibilities for each organ of state; and establishes a relationship between the client and the implementer. The development of all deliverables should be carried out in a cooperative and consultative manner between the Client and Implementer parties. All deliverables must be developed and signed off in compliance with the specific service delivery agreement.

## 5.2 Gateway Reviews

### 5.2.1 Gateway reviews for mega capital projects

- (i) The MFMA (Act 56 of 2003), section 19 (2) states: "Before approving a capital project in terms of subsection (1)(b), the council of a municipality must consider the projected cost covering all financial years from the start until the project is operational; and the future operational costs and revenue on the project, including municipal tax and tariff implications."
- (ii) The LGFIDPM prescribes the Gateway Review at the end of stage 2, as the minimum requirement to comply with section (i) above.
- (iii) The focus of such a review must be on the quality of the documentation in the first instance, and thereafter on:
  - a) Deliverability: the extent to which a project is deemed likely to deliver;
  - b) Expected benefits: within the declared cost, time and performance area;

- c) **Affordability:** the extent to which the project's level of expenditure and financial risk can be accepted, given the organisation's overall financial position, both singly, and when considering its other current and projected commitments; and
  - d) **Value for money:** The optimum combination of whole life costs and quality (or fitness of purpose), to meet the user's requirements.
- (iv) A gateway review team must comprise of not less than three persons who are neither involved, nor associated with the project, but have a broad understanding of the subject matter.
  - (v) A gateway review must be led by a person who has experience in the planning of infrastructure projects and is registered as a professional with a statutory council under the built environment professions. The members of the team must, as relevant, have expertise in the key technical areas, cost estimating, scheduling and implementation of similar projects.
  - (vi) It is the duty of the institution's Accounting Officer or Authority to appoint a team responsible for the gateway review of his or her institution.
  - (vii) The gateway review team must base its findings primarily on:
    - a) The information contained in the end-of-stage deliverable;
    - b) Supplementary documentation, if any, provided by key staff and obtained during an interview process; and
    - c) Interviews with key staff members and stakeholders.
  - (viii) The gateway review team must issue a report at the conclusion of a gateway review, which reflects the team's assessment of the information at the end of a stage; and provides findings or recommendations on areas where further work should be undertaken to improve such information.
  - (ix) The gateway review findings must be classified by the gateway review team as:
    - a) **Critical:** Findings that pose adverse effect to the project or package. Critical findings are findings related to the stage deliverable that are wholly unacceptable.
    - b) **Major:** Findings that pose a potentially adverse effect to the project or package. Major findings are serious findings and are in direct violation of key legislation, e.g. The Constitution of the Republic of South Africa, the MFMA or the PPPFA.
    - c) **Minor:** Findings that do not pose any adverse effect to the project or package. Minor findings indicate the need for improvement of practices and processes.
  - (x) A Stage 2 deliverable must not be approved until such time that all findings have been resolved.

## **6. FRAMEWORK FOR INFRASTRUCTURE PROCUREMENT**

### **6.1 INTRODUCTION**

The framework for infrastructure procurement outlines the minimum infrastructure procurement policy requirements for municipal planning and implementation.

The strategic direction set in the Integrated Development Plan (IDP) informs the framework for infrastructure procurement. For example, procurement strategies must be aligned to the municipality's developmental and internal transformation needs, as specified in the IDP.

### **6.2 MINIMUM REQUIREMENT FOR INFRASTRUCTURE PROCUREMENT**

6.2.1 Infrastructure procurement must be undertaken in accordance with all applicable Infrastructure Procurement related legislation and this Framework.

6.2.2 Infrastructure procurement must be implemented in accordance with the institutional Supply Chain Management System, which promotes differentiated procurement for infrastructure.

- 6.2.3 Infrastructure procurement must be implemented in accordance with the procurement gates prescribed in clause 6.3 below.
- 6.2.4 The Accounting Officer must ensure that a budget is available for the duration of the project, in line with MFMA provisions for capital and operating budgets.
- 6.2.5 The Accounting Officer must ensure that cash flow management processes are in place to meet payment obligations within the time periods specified in the contract.
- 6.2.6 Procurement gates provided in 6.3 below must be used, as appropriate, to:
- a) Authorise commencement of activities that lead to the next control gate;
  - b) Confirm conformity with requirements; and/or
  - c) Provide information to eliminate any cause of non-conformity and to prevent reoccurrence.
- 6.2.7 The authorisation to proceed to the next procurement gate must be given by a delegated person or body. The delegated person or body must be able to apply relevant built environment knowledge and skill to achieve the intended results required at the relevant procurement gate. The level of detail contained in the documentation on which a decision to proceed to the next procurement gate is made, must be sufficient to enable an informed decision.
- 6.2.8 The Accounting Officer must develop and implement effective and efficient emergency procurement procedures, including relevant approval delegation, in compliance with relevant legislation.
- 6.2.9 The Accounting Officer must develop and implement an effective and efficient infrastructure disposal policy in line with the Municipal Asset Transfer Regulations. The institution may consider disposal strategies aligned to their internal disposal policy, prior to proceeding with the procurement strategy.
- 6.2.10 The Accounting Officer must keep records of Procurement Gate Approvals, in a manual or electronic format, with the following minimum requirements:
- a) Procurement gate;
  - b) Delegated person/s or body;
  - c) Date on which the approval request was received;
  - d) Date on which the approval was actioned; and
  - e) Signature of the delegated person or body.
- 6.2.11 All assets must be recorded in the municipal asset register as required by the GRAP standards.

### **6.3 Infrastructure Procurement Gates**

#### **6.3.1 Procurement Gate 1 (PG 1)**

- a) Initiate a procurement process;
- b) **Minimum Requirement for PG 1:**
  - 1) Establish and clarify the procurement need, aligned to the municipality's development and transformation priorities specified in the IDP.
  - 2) Determine a suitable title for the procurement, to be applied as the project description.
  - 3) Prepare the broad scope of work for the procurement.
  - 4) Perform market analysis.
  - 5) Estimate the financial value of proposed procurement and contract for budgetary purposes, based on the broad scope of work.
  - 6) Confirm the budget.
  - 7) Compliance with section 33 of the MFMA with respect to community and stakeholder consultation.
- c) **PG 1 is complete when a designated person or body makes the decision to proceed/not to proceed, with the procurement of the infrastructure.**

### 6.3.2 Procurement **Gate 2 (PG 2)**

- a) Approve procurement strategy to be adopted.
- b) **Minimum Requirement for PG 2:**
  - 1) Develop a procurement strategy aligned to the institutional procurement strategy:
    - a. Establish contracting and pricing strategy comprising of an appropriate allocation of responsibilities and risks; and the methodology for contractor payments.
    - b. Identify service required for works.
    - c. Decide on contracting strategy.
    - d. Decide on pricing strategy.
    - e. Decide on form of contract.
    - f. Establish opportunities for promoting preferential procurement in compliance with legislative provisions and the Construction Sector Code.
- c) **PG 2 is complete when a delegated person or body approves the procurement strategy that is to be adopted.**

### 6.3.3 Procurement **Gate 3 (PG 3)**

- a) Approve procurement documents.
- b) **Minimum requirements for PG 3:**
  - 1) Prepare procurement documents that are compatible with:
    - (i) approved procurement strategies.
    - (ii) project management design documentation.
- c) **PG 3 is complete when the Bid Specification Committee approves the procurement document. .**

### 6.3.4 Procurement **Gate 4 (PG 4)**

- a) Confirm that cash flow processes are in place to meet projected contractual obligations.
- b) **Minimum requirement for PG 4**
  - 1) Confirm that cash flow processes are in place to meet contractual obligations.
  - 2) Establish control measures for settlement of payments within the time period specified in the contract.
- c) **PG 4 is complete when a delegated person or body confirms in writing that cash flow processes are in place; and control measures are established for the procurement to take place.**

### 6.3.5 Procurement **Gate 5 (PG 5)**

- a) Solicit tender offers.
- b) **Minimum requirements for PG 5**
  - 1) Invite contractors to submit tender offers.
  - 2) Receive tender offers.
  - 3) Record tender offers.
  - 4) Safeguard tender offers.
- c) **PG 5 is complete when tender offers received are recorded and safeguarded by a delegated person from the SCM unit.**

### 6.3.6 Procurement **Gate 6 (PG 6)**

- a) Evaluate tender offers premised on undertakings and parameters established in procurement documents.
- b) **Minimum Requirement for PG 6:**
  - 1) Determine whether tender offers are complete.
  - 2) Determine whether tender offers are responsive.
  - 3) Evaluate tender submissions.
  - 4) Review minimum compliance requirements for each tender.
  - 5) Perform a risk analysis.
  - 6) Prepare a report on tender offers received, and on their achievement of minimum compliance.
- c) **PG 6 is complete when the chairperson of the Bid Evaluation Committee approves the BEC report.**

#### 6.3.7 Procurement Gate 7 (PG 7)

- a) Award the contract.
- b) **Minimum Requirement for PG 7:**
  - 1) Bid adjudication committee review of the BEC evaluation report.
  - 2) Bid Adjudication Committee makes an award.
  - 3) Accounting Officer approval of the tender process.
  - 4) Notify successful tenderer and unsuccessful tenderers of the outcome.
  - 5) Sign contract document.
  - 6) Formally accept tender offer.
- c) **PG 7 is complete when the Accounting Officer, or the Bid Adjudication Committee where delegated, confirms that the tenderer has provided evidence of complying with all requirements stated in the tender data and formally accepts the tender offer in writing, and issues the contractor with a signed copy of the contract.**

#### 6.3.8 Procurement Gate 8 (PG 8)

- a) Administer and monitor the contract.
- b) **Minimum Requirements for PG 8:**
  - 1) Finance department to:
    - (i) Capture contract award data.
    - (ii) Manage cash flow projection.
    - (ii) Administer contract in accordance with the terms and provisions of the contract.
  - 2) Delivery department to:
    - (i) Ensure compliance with contractual requirements.
- c) **PG 8 is complete when a delegated person captures the contract completion/termination data (close out reports and relevant documents), including payment certificates due.**

## 7. Conclusion

It is advised that municipalities and municipal entities review this document from a practical implementation perspective and amend its SCM policies accordingly by inserting those parts that is practically implementable into the SCM Policy to be approved by the municipal council. You are also encouraged to share this with the relevant officials within the institution to ensure organisational awareness of this reform.

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