

SIYANCUMA LOCAL MUNICIPALITY



Policy Title	Supply Chain Management Policy
Policy Author/Custodian	Finance Department
Council Approval Date	21 May 2025
Council Resolution No.	21/05/2025/10.1.3.7
Policy Inception Date	01 July 2024
Policy NR	P1

MAY 2025 (REVIEW)

 *m.ile*

TABLE OF CONTENTS

1. DEFINITIONS	4
CHAPTER 1	8
IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY	8
2. SUPPLY CHAIN MANAGEMENT POLICY	8
3. AMENDMENT OF THE SUPPLY CHAIN MANAGEMENT POLICY	9
4. DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES	9
5. SUB-DELEGATIONS	10
6. OVERSIGHT ROLE OF COUNCIL	11
7. SUPPLY CHAIN MANAGEMENT UNIT	12
8. TRAINING OF SUPPLY CHAIN MANAGEMENT OFFICIALS	12
CHAPTER 2	12
SUPPLY CHAIN MANAGEMENT SYSTEM	12
9. FORMAT OF SUPPLY CHAIN MANAGEMENT SYSTEMS	12
PART 1: DEMAND MANAGEMENT	12
10. SYSTEM OF DEMAND MANAGEMENT	12
PART 2: ACQUISITION MANAGEMENT	13
11. SYSTEM OF ACQUISITION MANAGEMENT	13
12. FRAMEWORK FOR INFRASTRUCTURE DELIVERY AND PROCUREMENT MANAGEMENT	14
13. RANGE OF PROCUREMENT PROCESSES	19
14. GENERAL PRECONDITIONS FOR CONSIDERATION OF WRITTEN QUOTATIONS OR BIDS	20
15. LISTS OF ACCREDITED PROSPECTIVE PROVIDERS	21
16. PREFERENTIAL PROCUREMENT	21
17. PETTY CASH PURCHASES	29
18. WRITTEN OR VERBAL QUOTATIONS	29
19. FORMAL WRITTEN PRICE QUOTATIONS -	30
20. PROCEDURES FOR PROCURING GOODS OR SERVICES THROUGH WRITTEN OR VERBAL QUOTATIONS AND FORMAL WRITTEN PRICE QUOTATIONS	30
21. COMPETITIVE BIDS	31
SUMMARY OF TOTAL POINTS CLAIMED	34
SUMMARY OF TOTAL POINTS CLAIMED	36
22. PROCESS FOR COMPETITIVE BIDDING	37
23. BID DOCUMENTATION FOR COMPETITIVE BIDS	39
24. PUBLIC INVITATION FOR COMPETITIVE BIDS	40
25. PROCEDURE FOR HANDLING, OPENING AND RECORDING OF BIDS	41
26. NEGOTIATIONS WITH PREFERRED BIDDERS	41
27. TWO-STAGE BIDDING PROCESS	42
28. COMMITTEE SYSTEM FOR COMPETITIVE BIDS	42
29. BID SPECIFICATION COMMITTEES	43
30. BID EVALUATION COMMITTEES	44
31. BID ADJUDICATION COMMITTEES	45
32. PROCUREMENT OF BANKING SERVICES	46
33. PROCUREMENT OF IT RELATED GOODS OR SERVICES	46

34. PROCUREMENT OF GOODS AND SERVICES UNDER CONTRACTS SECURED BY OTHER ORGANS OF STATE	47
35. PROCUREMENT OF GOODS NECESSITATING SPECIAL SAFETY ARRANGEMENTS	47
36. PROUDLY SA CAMPAIGN	48
37. APPOINTMENT OF CONSULTANTS	48
38. DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF, PROCUREMENT PROCESSES	48
39. UNSOLICITED BIDS	49
40. COMBATING OF ABUSE OF SUPPLY CHAIN MANAGEMENT SYSTEM	50
PART 3: LOGISTICS, DISPOSAL, RISK AND PERFORMANCE MANAGEMENT	52
41. LOGISTICS MANAGEMENT	52
42. DISPOSAL MANAGEMENT	52
43. RISK MANAGEMENT	53
44. PERFORMANCE MANAGEMENT	54
PART 4: OTHER MATTERS	54
45. PROHIBITION ON AWARDS TO PERSONS WHOSE TAX MATTERS ARE NOT IN ORDER	54
46. PROHIBITION ON AWARDS TO PERSONS IN THE SERVICE OF THE STATE	54
47. AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE	54
48. ETHICAL STANDARDS	55
49. INDUCEMENTS, REWARDS, GIFTS AND FAVOURS TO MUNICIPALITIES, OFFICIALS AND OTHER ROLE PLAYERS	56
50. SPONSORSHIPS	56
51. OBJECTIONS AND COMPLAINTS	57
52. RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES	57
53. CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER-	58
54. PROCUREMENT CONTROL MEASURES UNDER COVID	58
55. CIRCULARS AND GUIDELINES	59
56. GUIDELINES	60
57. REGULATIONS	60
58. COMMENCEMENT	61

1. DEFINITIONS

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and –

"Municipality" means the Name of municipality

"Municipal entity" has the meaning assigned to it by Section 1 of the Municipal systems Act, 2000.

"Other applicable legislation" means any other legislation applicable to municipal supply chain management, including –

- the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
- the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);

"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 municipality or municipal entity;
- d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No 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;

"Sole Provider" means a provider of specialized or exclusive goods/services who has a sole distribution / patent /manufacturing rights and copy rights.

"Senior manager" means an executive director appointed in terms of section 56 of the Municipal Systems Act, 2000 or an acting executive director appointed by the Accounting Officer.

"The Act" means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

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

"The regulations" means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations

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

"B-BBEE STATUS LEVEL OF CONTRIBUTOR" – means the B-BBEE status of an entity in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad Based Black Economic Empowerment Act; "Black People"; has the meaning assigned to it in section 1 of the Broad Based

Black Economic Empowerment Act;

Targeted Contractor Development Programme - A municipal procurement initiative aimed at developing designated group contractors by facilitating access to contracts, mentorship, and support, in line with CIDB guidelines and the municipality's preferential procurement objectives

Black Designated Groups – has the meaning assigned to it in the codes of good practice issued in terms of section 9(1) of the Broad Based Black Economic Empowerment Act;

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

Co-Operative – means a co-operative registered in terms of section 7 of the Co-operatives ACT, 2005 (Act No. 14 of 2005);

Designated Group means –

- a) black designated groups;
 - i. black people;
 - ii. women;
 - iii. people with disabilities, or
 - iv. small enterprises, as defined in section 1 of the National Small Enterprise Act, (Act No. 102 of 1996);

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

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

“Functionality” – means the measurement according to predetermined norms of a service or commodity designed to be practical and useful, working or operating, taking into account quality, reliability, viability and durability of a service or commodity

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

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

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

“Price” – includes all applicable taxes less all unconditional discounts,

“Proof of B-BBEE Status Level of Contributor” – means –

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

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

"Rural Area" - means

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

"Stipulated Minimum Threshold" – means the minimum threshold stipulated in terms guidelines issued by NT and DTI

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

"Treasury" – has the meaning assigned to it in section 1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999); and

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

"Accredited" means goods / services that are officially recognized, are generally accepted or having a guaranteed quality.

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

"Competitive bidding process" means a competitive bidding process referred to in paragraph 14 (1) (d) of this Policy;

"Accounting officer" means the Accounting Officer referred to in section 60 of the Municipal Finance Management Act, No. 56 of 2003, in relation to a municipal entity, means the official referred to in section 93, and includes a person acting as the accounting officer.

"Accredited Agent" means a provider who is authorized to deliver certain goods / services and can be trading in a specific area, however, an accredited agent is not a sole provider.

"Emergency procurement" emergency cases are cases where immediate action is necessary in order to avoid dangerous or risky situation (life threatening) or misery such as floods or fires.

"Exceptional / urgent cases" exceptional cases are cases where early delivery is of critical importance and the invitation of competitive bids is either impossible or impractical. However a lack of proper planning should not be constituted as an urgent case subject to the approval of the Accounting Officer. The nature of the urgency and the details of the justifiable procurement must be recorded and the AO to approve.

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

"Written or verbal quotations" means quotations referred to in paragraph 14 (1)(b) of this Policy

"Formal written price quotation" means quotations referred to in paragraph 14 (1) (c) of this Policy;

"Fruitless and wasteful expenditure"- is defined in section 1 of the MFMA as follows: expenditure made in vain and would have been avoided had reasonable care been exercised;

"Irregular expenditure"- as contemplated in MFMA section 32 and refers to the;

- Municipal Finance Management Act, Act 56 of 2003, and its regulations
- Municipal Systems Act, Act 32 of 2000, and its regulations

- Public Office-Bearers Act, Act20 of 1998, and its regulations; and
- The municipality's supply chain management policy, and any by-laws giving effect to that policy.

"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 municipality must be kept in terms of paragraph 16 of this policy;

"Central Supplier Database (CSD)"- is a single database to serve as the source of all supplier information for all spheres of government. The purpose of centralising government's supplier database is to reduce duplication of effort and cost for both supplier and government while enabling electronic procurement processes.

"e-Tender Publication Portal" - facilitates all government institutions to publish their tenders, corrigendum and award notices on a single platform. This portal gives FREE access to public sector tender opportunities in South Africa.

"Transversal contract" means a contract arranged for more than one department/municipality or for more than one level of government eg. National and Provincial Government.

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

"Unauthorized expenditure" - means any expenditure incurred by a municipality otherwise than in accordance with section 11 [3] and 15 of MFMA and includes-

- a) overspending of the total amount appropriated in the municipality's approved budget;
- b) overspending of the total amount appropriated for a vote in the approved budget;
- c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- e) spending of an allocation referred to in paragraph [b], [c] or [d] of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- f) a grant by the municipality otherwise than in accordance with the MFMA.

**CHAPTER 1
IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY**

2. SUPPLY CHAIN MANAGEMENT POLICY

- 2.1. 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;
 - Broad-Based Black Economic Empowerment Act [B-BBEEA];
 - Corruption Act, 1998 – anti-corruption measures and practices;
 - Competition Law and Regulations;
 - Promotion of Administrative Justice Act, 2000;
 - National Archives of South Africa Act, 1996;
 - National Small Business Act;
 - Construction Industry Development Board Act, 2000 [Act no 38 of 2000].
 - Preferential Procurement Policy Framework Act
 - e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
 - f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- 2.2. The municipal entity must, in addition to complying with subparagraph (1), apply this Policy, to the extent determined by the parent municipality, in a way that is consistent with the supply chain management policy of the municipality.
- 2.3. This Policy applies when the municipality-
- a) procures goods or services;
 - b) disposes of goods no longer needed;
 - c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
 - d) selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for



the provision of municipal services in circumstances contemplated in section 83 of that Act.

- 2.4. 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

- 3.1. 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.
- 3.2. 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.
- 3.3. 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

- 4.1. 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 maximise administrative and operational efficiency in the implementation of this Policy;
 - c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
 - d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.

- 4.2. 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).

4.3. 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.

4.4. 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 28 of this Policy.

5. SUB-DELEGATIONS

5.1. The accounting officer may in terms of section 79 or 106 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub-delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.

5.2. The power to make a final award -

- a) above R 10 million (VAT included) may not be sub-delegated by the accounting officer;
- b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated but only to –

- iii. the chief financial officer;
- iv. a senior manager; or
- v. a bid adjudication committee comprises of
 - Chief Financial Officer
 - Head Infrastructure
 - Head Corporate Services
 - Head Community Service

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

- i. the chief financial officer;
- ii. a senior manager;
- iii. a manager- directly accountable to the chief financial officer or a senior manager;
- or –
- iv. a bid adjudication committee comprises of:
 - Chief Financial Officer
 - Head Infrastructure
 - Head Corporate Services
 - Head Community Service

- 5.3. 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.
- 5.4. 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. a senior manager; or
 - iii. a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
 - b) to the chief financial officer or the senior manager responsible for the relevant bid; in the case of an award by-
 - i. a manager referred to in subparagraph (2)(c)(iii); or
 - ii. a bid adjudication committee of which the chief financial officer or a senior manager is not a member.
- 5.5. Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.
- 5.6. This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 28 of this Policy.
- 5.7. No supply chain management decision-making powers may be delegated to an advisor or consultant.

6. OVERSIGHT ROLE OF COUNCIL

- 6.1. The council reserves its right to maintain oversight over the implementation of this Policy.
- 6.2. For the purposes of such oversight, the accounting officer must –
- a)
 - 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 to the council of the municipality.
 - ii. whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council, who must then submit the report

to the accounting officer of the municipality for submission to the council

- 6.3. 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.
- 6.4. The reports must be made public in accordance with section 21A of the Municipal Systems Act.

7. SUPPLY CHAIN MANAGEMENT UNIT

- 7.1. A supply chain management unit is hereby established to implement this Policy.
- 7.2. 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

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

CHAPTER 2 SUPPLY CHAIN MANAGEMENT SYSTEM

9. FORMAT OF SUPPLY CHAIN MANAGEMENT SYSTEMS

- 9.1. This Policy provides systems for -
- iii. demand management;
 - iv. acquisition management;
 - v. logistics management;
 - vi. disposal management;
 - b) risk management; and
 - vii. performance management.
 - viii. asset management
 - ix. Contract Management

PART 1: DEMAND MANAGEMENT

10. SYSTEM OF DEMAND MANAGEMENT

- 10.1. The accounting officer must establish and implement an appropriate demand management system to ensure that the resources required by the municipality support its operational commitments and its strategic goal outlined in the Integrated Development Plan.
- 10.2. 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 and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
- b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature;
- c) provide for the compilation of the required specifications to ensure that its needs are met; and
- d) to undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.
- e) The municipality must compile a Procurement Plan containing all planned procurement for the financial year in respect of the procurement of goods, services and infrastructure projects which exceed R 200 000 [all applicable taxes included] per case as described in the Supply Chain Management Guide for Accounting Officers. The procurement plan must be finalized on 1 July every year. The relevant information should preferably be furnished in the format contained in the MFMA Circular 62

PART 2: ACQUISITION MANAGEMENT

11. SYSTEM OF ACQUISITION MANAGEMENT

11.1. The accounting officer must implement the system of acquisition management set out in this Part in order to ensure -

- a) that goods and services are procured by the municipality in accordance with authorised processes only;
- b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
- c) that the threshold values for the different procurement processes are complied with;
- d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are as per SCM prescripts.
- e) that the preference point system is used in accordance with this SCM Policy.
- f) that any Treasury guidelines on acquisition management are properly taken into account.
- g) Verification of bids in excess of R10 million

Prior to advertisement:

Verification by the CFO

The senior manager responsible for a vote must submit to the CFO:

- proof that budgetary provision exists for the procurement of the goods/services and/or infrastructure projects;
 - any ancillary budgetary implications related to the bid;
 - any multi -year budgetary implications;

Prior to the award of a bid

Contracts above the value of R 10 million [all applicable taxes included] may only be awarded to the preferred bidder after the CFO has verified in writing that budgetary provision exists for the acquisition of the goods, infrastructure projects and /or services and that it is consistent with the Integrated Development Plan.

- h) Publication of awards in respect of advertised competitive bids [above the threshold value of R 200 000]. The following information on the successful bids must be placed on the municipal website:

- Contract numbers and description of goods, services or infrastructure projects;
- Names of the successful bidders and the B-BBEE level of contribution claimed;
- Brand names and dates for completion of contracts.

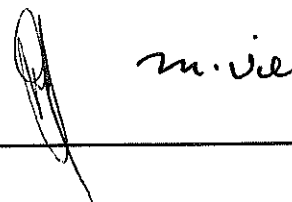
i) Functionality

Adhere to the revised guidelines when functionality is included as a criterion in the evaluation of bids [National Treasury Circular No. 53].

- (i) A clear indication must be given in bid documents if bids will be evaluated on functionality.
- (ii) Evaluation criteria must be objective.
- (iii) The weight of each criterion, applicable values and the minimum qualifying score [for each bid on its own merit] must be indicated in the bid documents.
- (iv) Bidders failing to achieve the qualifying score for functionality must be disqualified.
- (v) Bidders achieving the minimum qualifying score must be evaluated further in terms of points for price and B-BBEE status level contribution
- (vi) Must be determined separately for each tender; and
- (vii) May not be so-
 - low that it may jeopardise the quality of the required goods and services; or
 - high that it is unreasonably restrictive.

- (viii) Points scored for functionality must be rounded off to the nearest two decimal places.

11.2. When procuring goods or services contemplated in section 110(2) of the Act must make public the



fact that it procures such goods and services otherwise than through its supply chain management system, including -

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

12. FRAMEWORK FOR INFRASTRUCTURE DELIVERY AND PROCUREMENT MANAGEMENT

12.1. Framework for Infrastructure Procurement

- 12.1.1. The framework for infrastructure procurement outlines the minimum infrastructure procurement policy requirements for municipal planning and implementation.
- 12.1.2. 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.

12.2. Minimum Requirement for Infrastructure Procurement

- 12.2.1. Infrastructure procurement must be undertaken in accordance with all applicable Infrastructure Procurement related legislation and this Framework.
- 12.2.2. Infrastructure procurement must be implemented in accordance with the institutional Supply Chain Management System, which promotes differentiated procurement for infrastructure.
- 12.2.3. Infrastructure procurement must be implemented in accordance with the procurement gates prescribed in paragraph 12.3.
- 12.2.4. 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.
- 12.2.5. 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.
- 12.2.6. Procurement gates provided in paragraph 12.3 of this policy 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
- 12.2.7. 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.
- 12.2.8. The Accounting Officer must develop and implement effective and efficient emergency

procurement procedures, including relevant approval delegation, in compliance with relevant legislation.

12.2.9. 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.

12.2.10. 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.

12.2.11. All assets must be recorded in the municipal asset register as required by the GRAP standards.

12.3. Infrastructure Procurement Gates

12.3.1. Infrastructure Procurement Gate (PG1)

- a) Initiate a procurement process;

(See Annexure C: In order for the initiation to be completed, and the decision to proceed with procurement is affected; the Project Stage Deliverables for Stages 1 and 2 must be completed. In the case of Mega Projects (Projects in excess of R50 million) the Gateway Review requirements must be adhered to as stipulated within Annexure C).

12.3.2. Minimum Requirement for PG 1:

- i. Establish and clarify the procurement need, aligned to the municipality's development and transformation priorities specified in the IDP.
- ii. Determine a suitable title for the procurement, to be applied as the project description.
- iii. Prepare the broad scope of work for the procurement.
- iv. Perform market analysis.
- v. Estimate the financial value of proposed procurement and contract for budgetary purposes, based on the broad scope of work.
- vi. Confirm the budget.
- vii. Compliance with section 33 of the MFMA with respect to community and stakeholder consultation.

- 12.3.3. PG 1 is complete when a designated person or body makes the decision to proceed/not to proceed, with the procurement of the infrastructure.

12.4. Infrastructure Procurement Gate 2 (PG 2):

- 12.4.1. Approve procurement strategy to be adopted.

(See Annexure C: In order for the procurement strategy to be adopted, and the decision to proceed with an approved procurement strategy; the Project Stage Deliverables for Stages 3 and 4 must be completed)

- 12.4.2. Minimum Requirement for Procurement Gate PG 2:

- a) Develop a procurement strategy aligned to the institutional procurement strategy:
 - i. Establish contracting and pricing strategy comprising of an appropriate allocation of responsibilities and risks; and the methodology for contractor payments.
 - ii. Identify service required for works.
 - iii. Decide on contracting strategy.
 - iv. Decide on pricing strategy.
 - v. Decide on form of contract.
 - vi. Establish opportunities for promoting preferential procurement in compliance with legislative provisions and the Construction Sector Code.

- 12.4.3. PG 2 is complete when a delegated person or body approves the procurement strategy that is to be adopted.

12.5. Procurement Gate 3 (PG 3)

- 12.5.1. Approve procurement documents.

- 12.5.2. Minimum requirements for PG 3:

- a) Prepare procurement documents that are compatible with:
 - i. Approved procurement strategies.
 - ii. Project management design documentation.

- 12.5.3. PG 3 is complete when the Bid Specification Committee approves the procurement document.

12.6. Procurement Gate 4 (PG 4)

- 12.6.1. Confirm that cash flow processes are in place to meet projected contractual obligations.

- 12.6.2. Minimum requirement for PG 4:

- a) Confirm that cash flow processes are in place to meet contractual obligations.

- b) Establish control measures for settlement of payments within the time period specified in the contract.

12.6.3. 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.

12.7. Procurement Gate 5 (PG 5)

12.7.1. Solicit tender offers.

12.7.2. Minimum requirements for PG 5:

- a) Invite contractors to submit tender offers.
- b) Receive tender offers.
- c) Record tender offers.
- d) Safeguard tender offers.

12.7.3. PG 5 is complete when tender offers received are recorded and safeguarded by a delegated person from the SCM unit.

12.8. Procurement Gate 6 (PG 6)

12.8.1. Evaluate tender offers premised on undertakings and parameters established in procurement documents.

12.8.2. Minimum Requirement for PG 6:

- a) Determine whether tender offers are complete.
- b) Determine whether tender offers are responsive.
- c) Evaluate tender submissions.
- d) Review minimum compliance requirements for each tender.
- e) Perform a risk analysis.
- f) Prepare a report on tender offers received, and on their achievement of minimum compliance.

12.8.3. PG 6 is complete when the chairperson of the Bid Evaluation Committee approves the BEC report.

12.9. Procurement Gate 7 (PG 7)

12.9.1. Award the contract.

12.9.2. Minimum Requirement for PG 7:

- a) Bid adjudication committee review of the BEC evaluation report.
- b) Bid Adjudication Committee makes an award.
- c) Accounting Officer Approval of the tender process.
- d) Notify successful tenderer and unsuccessful tenderers of the outcome.
- e) Sign contract document.
- f) Formally accept tender offer.

12.9.3. 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.

12.10. Procurement Gate 8 (PG 8)

12.10.1. Administer and monitor the contract.

12.10.2. The Contracts Management policy contains all contracts-related objectives and procedures.
The Minimum Requirement for PG 8:

- a) Finance department to:
 - i. Capture contract award data,
 - ii. Manage cash flow projections. And
 - iii. Administer the contract in accordance with the terms and provisions of the contract.
- b) Delivery department to ensure compliance with contractual requirements.
- c) Formally accept the tender offer.

12.10.3. PG 8 is complete when a delegated person captures the contract completion/termination data (close out reports and relevant documents), including payment certificates due.

13. RANGE OF PROCUREMENT PROCESSES

13.1. Goods and services may only be procured by way of-

- a) petty cash purchases, up to a transaction value of R2 000 (VAT included);
- b) written or verbal quotations for procurements of a transaction value over R2 000 up to R 30 000 (VAT included);
- c) formal written price quotations for procurements of a transaction value over R 30 000 up to R 300 000 (VAT included); and
- d) a competitive bidding process for-
 - (i) procurements above a transaction value of R 300 000 (VAT) included); and

(ii) the procurement of long-term contracts.

13.2. The accounting officer may, in writing-

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

b) direct that-

(i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000 [all taxes included];

(ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R 30 000 [all taxes included]; or

(iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R 300 000 [all taxes included].

13.3. 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.

14. GENERAL PRECONDITIONS FOR CONSIDERATION OF WRITTEN QUOTATIONS OR BIDS

14.1. A written quotation or bid may not be considered unless the provider who submitted the quotation or bid -

a) has furnished that provider's -

(i) full name;

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

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

(iv) registered on Central Supplier Database(CSD) with a tax compliant status;

(v) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears for more than three [3] months; or if the bidder lives in the rural area, he or she should get proof of residence from the chief of the village of the area

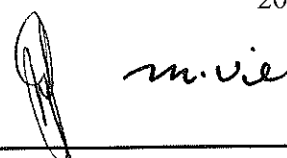
(vi) requirements for construction and engineering related bids should be awarded according to CIDB regulations;

(vii) The CIDB Act requires that all projects need to be registered with the CIDB;

(viii) Before an award is done to a contractor, the contractor's CIDB grading must be confirmed with the CIDB website;

(ix) The CIDB grading designation is as follows:

Grading designation	Less than or equal to
---------------------	-----------------------



1	R 500 000
2	R 1 000 000
3	R 3 000 000
4	R 6 000 000
5	R 10 000 000
6	R 20 000 000
7	R 60 000 000
8	R 200 000 000
9	No Limit

- a) 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 [the tax compliant status be verified on the Central Supplier Database(CSD)] and
- b) 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.

15. LISTS OF ACCREDITED PROSPECTIVE PROVIDERS

15.1. The accounting officer must -

- a) utilise the National Central Supplier Database (NCSDB) to source accredited service providers of goods and services that must be used for procurements through written, verbal quotations, formal written price quotations and competitive bids; and
- b) invite prospective service providers of goods and services to apply for evaluation and listing as accredited prospective service providers for subcontracting purposes; and
- c) dis-allow 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.
- d) Ensure that suppliers may update their CSD status continuously;
- e) Ensure that the CSD is compiled per commodity and per type of service.

16. PREFERENTIAL PROCUREMENT

16.1. Background and approach

- a) State expenditure is recognised as an instrument of government policy to achieve economic, socio-economic and development objectives. This is supported by the United Nations confirmation that public procurement in SA contributes to 29% of its GDP.
- b) Procurement can be applied as an instrument of secondary redistribution to alter primary income distribution and to address historic imbalances by means of creating employment and business opportunities for historically disadvantaged groups in the South African society.
- c) Local- and Socio-Economic and Preferential Procurement is Constitutionally recognised as a valid instrument for such social reform.
- d) It is the intention, that once appropriate data and trends-analysis are available that this Policy shall be applied to the procurement of all goods or services as directed by Council.
- e) Preferential procurement will follow a phased implementation process and with the increase in maturity of the Siyancuma Municipality as well as its suppliers, it is further accepted that it will also mature to the extent that visible socio- and economic benefits can be experienced by all citizens living in municipal area.

16.2. Purpose and objectives

- a) The broad purpose of Preferential Procurement is to:
 - i) Validate Siyancuma Municipality's commitment to local- and socio- economic development and preferential procurement.
 - ii) Ensure effective and efficient application of resources.
 - iii) Promote accountability, transparency, and fairness.
 - iv) Create opportunities for local small, medium, and micro enterprises [SMME].
 - v) Enhance quality of services.
 - vi) Stimulate local- and socio-economic development.
 - vii) Eliminate and counter corruption.
 - viii) Contribute towards reduction of unemployment, especially within the Siyancuma Municipal Area.
 - ix) Promote skills transfer and training of the historically disadvantaged.
 - x) Protect local industry against unfair competition.
- b) To achieve this, empowerment goals have been set, which aims to redress the skewed distribution of wealth and therefore contribute to the alleviation of poverty, as well as increasing usage of local resources, stimulation of skills development and transfer, fast

tracking the growth and ensuring sustainability of SMME's.

- c) Preferential Procurement rests upon certain core principles of behaviour as set out in the Constitution and ratified by the Constitutional Certification Judgements. In this context, Preferential Procurement will be applied in accordance with a system, which is fair, equitable, transparent, competitive, and cost-effective.
- d) Objectives of Preferential Procurement are to:
 - i) Promote B-BBEE - enterprises providing services and goods within the Siyancuma Municipal Area.
 - ii) Follow a systematic approach to the appointment of service providers and to promote consistency in respect of supply chain management.
 - iii) Promote SMME's, Joint Ventures, Consortiums, Co-ops, and partnerships, especially within the Siyancuma Municipal Area.
 - iv) Create new jobs or intensify labour absorption within the local area.
 - v) Promote enterprises located within the Siyancuma Municipal Area for work to be done or services to be rendered.
 - vi) Promote enterprises located in rural areas in and around the Siyancuma Municipal Area.
 - vii) Empower the work force by standardising the level of skill and knowledge of workers.
 - viii) Develop human resources, inclusive of assistance with tertiary and other advanced training programs, in line with key indicators such as percentage of wage bill spent on education and training and improvement of management skills.
 - ix) Uplift local communities through, but not limited to, housing, transport, schools, infrastructure donations, and charity organisations.
 - x) Ensure that specific goals are measurable and quantifiable, and the municipal officials must monitor the execution of the contract for compliance with such goals.

16.3. Legislative framework for Preferential Procurement:

- a) Constitution, 1996 (Act 108 of 1996):
 - i) Sections 152(1)(c) and 152(2) of the Constitution provides that local government must promote social and economic development and that the municipality must strive within its financial and administrative capacity, to achieve the objects set out in subsection 152(1).
 - ii) Section 217(1) of the Constitution, 1996 (Act 108 of 1996) provides that when contracting

for goods and services, organs of state must do so in accordance with a system that is fair, equitable, transparent, competitive, and cost effective. Section 217(2) and (3) of the Constitution allows organs of state to grant preferences when procuring for goods and services within a Framework prescribed by National legislation.

- b) Local Government Municipal Finance Management Act, 2003 (Act 56 of 2003) – [MFMA] and related SCM Treasury Regulations, 2005:
 - i) The MFMA aims to regulate financial management and Supply Chain Management [SCM] of local government to ensure that all revenue, expenditure, assets, and liabilities are managed efficiently and effectively.
 - ii) Sections 110 – 119 of the MFMA deals with SCM requirements and must be read together with the SCM Regulations issued in terms of section 168 of the MFMA through Government Gazette 27636 effective from 30 May 2005. Both these sets of prescripts support the application of the PPPFA.
- c) Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) – [PPPFA]:
 - i) The PPPFA, 2000 took effect on 3 February 2000. The main thrust of the PPPFA, 2000 is that an organ of state **must determine its preferential procurement policy** and implement such within the preferential procurement framework, the latter which is commonly called the '80/20 of 90/10 principle'.
 - ii) As per the recent Constitutional judgement of 17 February 2022 that the PPPFA Regulations of 2017 are unconstitutional and invalid in totality concluding that: "Since each organ of state is empowered to determine its own preferential procurement policy, it cannot also lie with the Minister to make regulations that cover the same field." According to the judgement organs of state are therefore required to determine its own preferential procurement policy.

16.4. Targeted Contractor Development Programme

In line with the objectives of Preferential Procurement, the municipality shall implement a Targeted Contractor Development Programme in accordance with the SCM Targeted Contractor Development Policy adopted in May 2025. The programme is designed to support the development of contractors from designated groups by enhancing their CIDB grading status, performance, and access to municipal procurement opportunities. The municipality shall, through this programme, earmark a minimum of 30% of its infrastructure expenditure for targeted contractors and apply structured mentorship, training, and financial support measures to facilitate enterprise growth. This initiative shall be embedded within the broader SCM system and shall comply with the regulatory framework

prescribed by the CIDB and the Preferential Procurement

16.5. Core principles for Preferential Procurement:

a) Value for money

Price alone is often not a reliable indicator, and the AO will not necessarily obtain the best value for money by accepting the lowest price offer that meets mandatory requirements. Best value for money means the best available outcome when all relevant costs and benefits over the procurement cycle are considered. All preferential procurement processes will be transparent and subjected to audit in accordance with sound business principles and practices.

b) Open and effective competition

All procurement laws, policies, practices, and procedures must be readily accessible to all parties involved in the procurement process. The procurement process must be open and transparent, and reasons must be provided for decisions in terms of current legislation.

c) Ethics and fair dealing

All procurement officials must comply with the municipal ethical standards to promote mutual trust and respect and an environment where business can be conducted in a fair and reasonable manner. The following is regarded as an acceptable ethical behaviour:

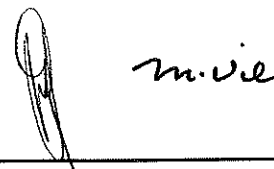
- i) Open, honest, and co-operative business relations.
- ii) Confidentiality of commercial information.
- iii) Avoidance of conflict of interest or a perception of bias.
- iv) Disclosure of conflict of interest as soon as they arise.
- v) Fair dealing and impartiality in the conduct of tender evaluations.
- vi) Avoidance of combative or collusive practices.

d) Accountability and reporting

Procurement officials and other officials involved in SCM must be answerable for their decisions and actions to the public.

e) Equity

Siyancuma Municipality will at all times strive to enhance the development of SMME's and B-BBEE enterprises to allow them to contribute meaningfully to the economy of the Municipal Area.

A handwritten signature in black ink, appearing to read 'm. vie', is located in the bottom right corner of the page.

16.6. Skills transfer

a) Skills transfer is promoted, and Siyancuma Municipality will endeavour to support SMME's and B-BBEE enterprises skills transfer through:

- i) Proper contract management.
- ii) Providing adequate information on why tenders were not successful.
- iii) Develop and provide a training programme and related sessions for small suppliers as part of the Municipal Local Economic Development [LED] programme.
- iv) Promoting access to uniform and standardised bid documents with proper instructions for completion.

b) The following skills transfer principles will be introduced as a minimum, based on the risk exposure and type of contract, where relevant, inclusive of CIDB tenders:

TYPE	DEFINITION	LEVEL OF SKILLS TRANSFER
Major	➤ Onerous requirements ➤ High contract value ➤ Large scale development ➤ Above R 5m ➤ Long-term contracts	Formal training (including accredited training); Certificates/Diplomas/Degrees; Interns; Learner ships; Pupil-ships and Bursaries
Minor	➤ Risks are judged to be acceptable ➤ Low value ➤ Straight-forward work ➤ Above R 3 m ➤ Contracts for more than 1-year	Informal training inclusive of Interns; Learner ships; Pupil-ships and Bursaries
Micro	➤ Risks are judged to be limited or non-existent ➤ Low value ➤ Limited documentation flow ➤ Short term projects	Basic training and certificate of jobs performed

16.7. Corporate Social Investment (CSI)

a) Corporate social investment (CSI) is defined as contributions (either employee time and/or resources) which bring benefits over and above those directly associated with the Municipal core business activities.

b) Depending on the principles of fairness and cost-effectiveness, the relevant commodity

required and the profile of the supply industry, the Municipality may require that specific CSI contributions be made in line with the Municipal Grant-in-Aid Policy.

- c) The suppliers shall be expected to indicate or provide an outline of socio-economic projects to be implemented through its Corporate Social Responsibility in the Siyancuma Municipal area. Proposed projects must be measurable with a specific focus on vulnerable groups. Bidders can suggest or explore the following socio-economic project practices for consideration:
 - i) On-the-job training and development of staff (learnerships), particularly for the unemployed or young people including the recruitment of long-term job seekers and handicapped people.
 - ii) Young women / mother's upliftment / leadership programme.
 - iii) Skills development initiatives (technical and soft skills) must be accredited by recognised institutions.
 - iv) Youth leadership and empowerment projects.
 - v) Early childhood development.
 - vi) Projects can be in collaboration with local CBOs, NGOs, and relevant institutions.
 - vii) Business skills and enterprise support including mentoring of local enterprises.
 - viii) Development of Parks and open spaces.
- d) It is specifically recorded that **NO CSI** financial contributions will be required or accepted.
- e) The Municipality will adopt a uniform standard in acknowledging, monitoring, and reporting on CSI contributions.

16.8. Targeting

- a) Targeting will be regarded as a specific goal identified by Siyancuma Municipality and is reflected below
- b) These targets will be determined prior to the invitation of tenders and reflected as special and/or pre-qualifying conditions.
- c) To determine which tender conditions will be applicable to a specific tender, the following considerations will apply:
 - i) The Municipality must continue to apply the BBBEE scorecard for allocating preference points within the preference point system applicable to the tender, i.e., the 80/20



preference point system for tenders between R 30 000 and R 50million or 90/10 preference point system for tenders above R 50million (refer tisection 21 of this policy).

- ii) The inclusion of functionality for the evaluation of bids will apply for those tenders which requires the bidder to be evaluated on ability and credibility.
- iii) Preference claims for subcontracting in the event of procuring goods and services will be allowed to a maximum of 25% of the total value of the bid offer unless the subcontractor has a higher B-BBEE status level contributor that the main contractor/bidder or is an EME/QSE who has the ability to perform the work.
- iv) Determination of whether objective criteria are applicable to the tender as envisaged in the PPPFA 2(1)(f).
- v) Tenders must contain special conditions to promote local economic development targets, e.g., tendering as 'consortiums' to promote local SMME's, a % of materials bought must be from local business, etc.
- d) The LED and SCM Unit must jointly determine which data to maintain to be able to monitor and report on matters such as local buying, alignment between municipal demographics vis-à-vis SCM spent, and related factors.
- e) Tender formats and the targets above will be considered and, where feasible, included in any tender specifications as 'special conditions to tender'.

16.9. Access to Information and training

- a) Unsuccessful bidders will be informed of the reasons for their bid not being successful, if so, requested in writing. To ease the administrative burden a checklist will be used.
- b) Bidders should be supported to obtain tender information.
- c) Any prospective bidder will be entitled to receive information and/or training regarding the following:
 - i) Financial support;
 - ii) SCM related training;
 - iii) Assistance with tendering process;
 - iv) Biddin process;
 - v) Preferential procurement;

- vi) Completion of Bid documentation;
- vii) Project and contract management.
- d) Formal requests for access to information must be dealt with within the PAIA framework of Siyancuma Municipality.
- e) Requests for access to training must be directed to the LED Manager.

16.10. Implementation provisions

16.9.1. This section will be implemented in phases as follows;

- a) For the financial year this section will apply to only selected tenders in excess of R 300 000 for which formal tenders are invited;
- b) For the financial year this section will apply to all tenders within a specific sector in excess of R 300 000.
- c) For the financial year this Policy will apply to all tenders in excess of R 300 000.
- d) For the financial year this Policy will apply to all procurement activities

16.9.2. In the interim, all tenders invited in terms of the PPPFA Regulations of 2022 at the time this Policy is adopted must be evaluated and adjudicated mutatis mutandis, within the provisions of this Policy.

16.9.3. To achieve the above, the following immediate implementation steps are required:

- a) Increased capacity in the Office of the LED Manager.
- b) Commence with the development of a Municipal Emerging Contractor and Service Provider Development Policy.
- c) Communication with the local community.
- d) Establishment and institutionalisation of the Demand Management Committee.
- e) Development and approval of procurement plans/tender strategies via relevant Demand Management Committee.
- f) Identification of one major project to pilot the activation of this Policy.

17. PETTY CASH PURCHASES

1.



- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.
- 11.
- 12.
- 13.
- 14.
- 15.
- 16.
- 17.

17.1. The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 13 (1) (a) of this Policy are as follows –

- a) council determine the terms on which a manager may delegate responsibility for petty cash to an official reporting to the manager;
- b) council determine the maximum number of petty cash purchases or the maximum amounts per month for each manager;
- c) council determine any types of expenditure from petty cash purchases that are excluded, where this is considered necessary; and
- d) a monthly reconciliation report from each manager must be provided to the chief financial officer, including –
 - (i) the total amount of petty cash purchases for that month; and
 - (ii) receipts and appropriate documents for each purchase.

18. WRITTEN OR VERBAL QUOTATIONS

18.1. 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 are listed on the CSD.

- b) quotations must be approved on a rotation basis.
- c) to the extent feasible, providers must be requested to submit such quotations in writing
- d) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;
- e) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- f) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider:
- g) The municipality will investigate and utilize various other options to advertise bids/quotations viz. community boards, the library, public buildings, police station, etc. This is to ensure that the municipality tried to obtain at least three quotations.
- h) In cases where there are only a few suppliers for certain goods eg. vehicle repairs, fuel outlets, etc. the municipality will then use these suppliers on a rotation basis. This practice will only be utilized in exceptional cases. As soon as more suppliers become available, such goods/services will be provided via the normal SCM quotations.

19. FORMAL WRITTEN PRICE QUOTATIONS -

19.1. The conditions for the procurement of goods or services through formal written price quotations, are as follows:

- a) quotations must be obtained in writing from at least three different providers whose names are listed on Central Supplier Database
- b) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
- c) the accounting officer must record the names of the potential providers and their written quotations.

19.2. 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.

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

20.1. The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations is as follows:

- a) the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis.
- b) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 19, be advertised for at least seven days on the website and an official notice board of the municipality ;
- 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 R30 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 the lowest price;
- f) acceptable offers, which are subject to the preference points system (PPPFA and this SCM Policy), must be awarded to the bidder whose offer is according to specifications, has the ability to deliver and is compliant with all the other requirements and scored the highest points.
- g) Minimum requirements for proper record keeping must be complied with.

21. COMPETITIVE BIDS

- 21.1.** Goods or services above a transaction value of R 300 000 (VAT included) and long-term contracts may only be procured through a competitive bidding process, subject to paragraphs 11 (2) and 14 of this Policy.
- 21.2.** No requirement for goods or services above an estimated transaction value of R 300 000 (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.
- 21.3.** The 80 / 20 principle is applicable as per the Preferential Procurement Policy.
- 21.4.** The points scored for price must be added to the points scored for B-BBEE status level of contribution to obtain the bidder's total points scored out of 100. A bid must not be disqualified from



m.vie

the bidding process if the bidder does not submit a certificate substantiating the B-BBEE status level of contribution or is a non-compliant contributor. Such a bidder will score 0 out of a maximum of 10 or 20 points for B-BBEE status.

- 21.5. The 80/20 point system is applicable for tenders for income-generating contracts with Rand value equal to or below R50 million
- 21.6. The 90/10 point system applies to tenders for income-generating contracts with Rand value above R50 million
- 21.7. The following formula will be used to calculate points for the following thresholds:

80/20 Preference point system for acquisition of goods or services for rand value equal to or above R 30 000 and up to R50 million

$$Ps = \frac{80(1 - Pt - P_{min})}{P_{min}}$$

Where-

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

Points for Preference/Specific Goals

A maximum of twenty (20) tender evaluation points will be awarded for preference to tenderers with responsive tenders, who are eligible for such preference, in accordance with the criteria listed below.

The principal of scoring points will be as follows:

Black Equity Ownership

A maximum of 3 points will be awarded to a Tenderer who did not have voting rights according to the definition of an HDI and/or who is using a subcontractor who is such a person.

Black ownership for black will be determined by the % of the enterprise owned by such a person or by the % of shares owned by members who are actively involved in the day-to-day activities of the company or enterprise.

% of Enterprise owned by persons who did not having voting rights

%

Thus, points awarded: $3 \times \frac{\text{K K \%}}{100} =$

Proof of Ownership must be attached in the form of:

- I. Certified declaration (valid B-BBEE certificate may also be used)

 m.vie

- II. A certified copy of the founding documentation of the company with which the ownership is listed.

Women Equity Ownership

A **maximum of 5 points** will be awarded to a Tenderer who is a woman and/or who is using a subcontractor that is a woman.

Equity ownership for women will be determined by the % of the enterprise owned by such a person or by the % of shares owned by members who are actively involved in the day-to-day management of the company or enterprise.

% of Enterprise owned by women %

Thus, points awarded: $5 \times \frac{K K \%}{100} =$

Proof of ownership must be attached in the form of:

- I. Certified declaration (valid B-BBEE certification may also be used)
- II. A certified copy of the founding documentation of the company with which the ownership is listed
- III. A certified copy of the ID-document (s) of the woman(e)n

Disability – Equity Ownership

A **maximum of 2 points** will be awarded to a Tenderer who is disabled and/or who is using a disabled subcontractor.

Equity ownership for disability will be determined by the % of the enterprise owned by such a person or by the % of shares owned by such members who are actively involved in the day-to-day activities of the company or enterprise.

% of Enterprise owned by disabled person(s) %

Thus points awarded: $2 \times \frac{K K \%}{100} =$

Proof of ownership must be attached in the form of:

- I. Certified declaration
- II. A certified copy of the founding documentation of the enterprise with which the ownership is listed
- III. A certified declaration from your medical doctor certifying the degree of disability

Local Nature of Enterprise

A **maximum of 10 points** will be awarded to a Tenderer who has an active office in the following areas:

- i. Within the boundaries of Northern Cape?

YES	6 points
NO	0 points

ii. Within the boundaries of the Siyancuma Local Municipality registered as a levy duty payer?

YES	4 points
NO	0 points

TOTAL POINTS AWARDED FOR LOCAL NATURE OF ENTERPRISE

	+		=	
--	---	--	---	--

In order to be eligible for these points, an active office is defined as an office where staff can be contacted and where your business is run from. The following needs to be attached in order to prove this:

- I. Physical address of company
- II. Registration number of enterprise
- III. Registration number awarded and location of office of local authority where levies are paid.

SUMMARY OF TOTAL POINTS CLAIMED

Specific Goal	Max Points Claimable	Total Points Claimable per Category	Total Points Claimable for Specific Goal
Black Equity Ownership	3	10	20
Women Equity Ownership	5		
Disability Equity Ownership	2		
Outside boundaries of Northern Cape	0	10	
Within boundaries of Northern Cape	4		
Within boundaries of Siyancuma Municipality	6		

90/10 Preference point system for acquisition of goods or services for rand value above R50 million

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



P min

Where-

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmin = Price of lowest acceptable tender

Points for Preference/Specific Goals

A **maximum of ten (10)** tender evaluation points will be awarded for preference to tenderers with responsive tenders, who are eligible for such preference, in accordance with the criteria listed below.

The principal of scoring points will be as follows:

Black Equity Ownership

A **maximum of 1.5 points** will be awarded to a Tenderer who did not have voting rights according to the definition of an HDI and/or who is using a subcontractor who is such a person.

Black ownership for black will be determined by the % of the enterprise owned by such a person or by the % of shares owned by members who are actively involved in the day-to-day activities of the company or enterprise.

% of Enterprise owned by persons who did not having voting rights %

Thus, points awarded: $1.5 \times \frac{K K \%}{100} =$

Proof of Ownership must be attached in the form of:

- I. Certified declaration (valid B-BBEE certificate may also be used)
- II. A certified copy of the founding documentation of the company with which the ownership is listed.

Women Equity Ownership

A **maximum of 2.5 points** will be awarded to a Tenderer who is a woman and/or who is using a subcontractor that is a woman.

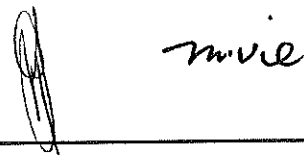
Equity ownership for women will be determined by the % of the enterprise owned by such a person or by the % of shares owned by members who are actively involved in the day-to-day management of the company or enterprise.

% of Enterprise owned by women %

Thus, points awarded: $2.5 \times \frac{K K \%}{100} =$

Proof of ownership must be attached in the form of:

- I. Certified declaration (valid B-BBEE certification may also be used)



- II. A certified copy of the founding documentation of the company with which the ownership is listed
- III. A certified copy of the ID-document (s) of the woman(e)n

Disability – Equity Ownership

A **maximum of 1 points** will be awarded to a Tenderer who is disabled and/or who is using a disabled subcontractor.

Equity ownership for disability will be determined by the % of the enterprise owned by such a person or by the % of shares owned by such members who are actively involved in the day-to-day activities of the company or enterprise.

% of Enterprise owned by disabled person(s) %

Thus points awarded: $1 \times \frac{\text{K K \%}}{100} =$

Proof of ownership must be attached in the form of:

- I. Certified declaration
- II. A certified copy of the founding documentation of the enterprise with which the ownership is listed
- III. A certified declaration from your medical doctor certifying the degree of disability

Local Nature of Enterprise

A **maximum of 5 points** will be awarded to a Tenderer who has an active office in the following areas:

- i. Within the boundaries of Northern Cape?

YES	2 points
NO	0 points

- ii. Within the boundaries of the Siyancuma Local Municipality registered as a levy duty payer?

YES	3 points
NO	0 points

TOTAL POINTS AWARDED FOR LOCAL NATURE OF ENTERPRISE

	+		=	
----------------------	---	----------------------	---	----------------------

In order to be eligible for these points, an active office is defined as an office where staff can be

contacted and where your business is run from. The following needs to be attached in order to prove this:

- I. Physical address of company
- II. Registration number of enterprise
- III. Registration number awarded and location of office of local authority where levies are paid.

SUMMARY OF TOTAL POINTS CLAIMED

Specific Goal	Max Points Claimable	Total Points Claimable per Category	Total Points Claimable for Specific Goal
Black Equity Ownership	1.5	5	10
Women Equity Ownership	2.5		
Disability Equity Ownership	1.0		
Outside boundaries of Northern Cape	0	5	
Within boundaries of Northern Cape	2		
Within boundaries of Siyancuma Municipality	3		

21.8. The specification committee will make proposals if functionality points need to be used and the evaluation committee will approve a variation in the point system for a specific bid.

21.9. For construction procurements, the CIDB Act and Regulations are to be used for quotations/ bids.

22. PROCESS FOR COMPETITIVE BIDDING

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

- a) Compilation of bidding documentation as detailed in paragraph 21(23);
- b) Public invitation of bids as detailed in paragraph 22(24);
- c) Site meetings or briefing sessions as detailed in paragraph 22(24);
- d) Handling of bids submitted in response to the public invitation as detailed in paragraph 23(25);
- e) Evaluation of bids as detailed in paragraph 28(30);
- f) Award of contracts as detailed in paragraph 29(31);
- g) Administration of contracts
 - (i) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
- h) Sub-contracting
 - (i) A person awarded a contract may only enter into a subcontracting arrangement with the approval of the Siyancuma Municipality.
 - (ii) A person awarded a contract in relation to a designated sector, may not subcontract

in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.

(iii) A person awarded a contract may not submit more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level of a contributor than the person concerned unless the contract is subcontracted to an EME that has the capability and ability to execute the subcontract.

22.2. Local production and content

18.

19.

20.

21.

22.

22.1.

22.2.

22.2.1. The Department of Trade and Industry may, in consultation with the National Treasury -

- a) designate a sector, sub-sector or industry or product in accordance with national development and industrial policies for local production and content, where only locally produced services or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content, taking into account economic and other relevant factors; and
- b) stipulate a minimum threshold for local production and content.

22.2.2. SIYANCUMA municipality must, in the case of a designated sector, advertise the invitation to tender with a specific condition that only locally produced goods or locally manufactured goods, meeting the stipulated minimum threshold for local production and content, will be considered.

22.2.3. The National Treasury must inform SIYANCUMA municipality of any designation made by DTI through a circular,

22.2.4.

- a) If there is no designated sector, SIYANCUMA municipality may include, as a specific condition of the tender, that only locally produced services or goods or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered.
- b) The threshold referred to in paragraph (a) must be in accordance with the standards

determined by the Department of Trade and Industry in consultation with the National Treasury.

22.2.5. A tender that fails to meet the minimum stipulated threshold for local production and content is an unacceptable tender.

22.2.6. Local Content also applicable when requesting quotations.

22.3. Evaluation of bids that scored equal points

22.3.

22.3.1. In the event that two or more bids have scored equal total, the successful bid must be the one that scored the highest points for B-BBEE.

22.3.2. If two or more bids have equal points, including equal preference points for B-BBEE, the successful bid must be the one scoring the highest points for functionality, if functionality is part of the evaluation process.

22.3.3. In the event that two or more bids are equal in all respects, the award must be decided by drawing lots.

22.4. Cancellation and re-invitation of bids

(i) cancellation of tender can be due to material irregularities.

(ii) SIYANCUMA municipality may cancel a tender for the second time, only with the approval of the relevant treasury.

22.5. Awarding of contracts

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

22.6. Sale and letting of assets

In instances where assets are sold or leased, by means of a bidding process, the bid must be awarded to the bidder with the highest price

22.7. Proper record keeping

Original legal copies of written contracts agreements should be kept in a secure place for reference purposes.

23. BID DOCUMENTATION FOR COMPETITIVE BIDS



m.v.e

23.1. The criteria to which bid documentation for a competitive bidding process must comply, must-

- a) take into account -
 - the general conditions of contract and any special conditions of contract, if specified;
 - any Treasury guidelines on bid documentation; andthe 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 the preference points system to be used, goals as contemplated in this SCM Policy and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- d) if the value of the transaction is expected to exceed R 10 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-
 - for the past three years; or
 - since their establishment if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality is expected to be transferred out of the Republic; and
- 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.
- f) The Accounting Officer reserves the right to stipulate such a dispute to be settled utilizing a court of law preferably within the municipal boundaries or as close as possible to the municipal boundaries

24. PUBLIC INVITATION FOR COMPETITIVE BIDS

24.1. 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 of the municipality or any other appropriate ways which include for;

(i) GOODS AND SERVICES:

Advertisement of Bids and the Publication of notices in respect of Awards Cancelled Bids, Verification and Extension of existing contracts on the e-Tender Publication Portal and Government Tender Bulletin; and

(ii) WORKS AND INFRASTRUCTURE:

Advertisement of Bids and the Publication of notices in respect of Awards, and cancellation of bids on the CIDB i-Tender.

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 R 10 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 Siyancuma Municipality or the bid document uploaded on the e-tender portal; and

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

24.2. The accounting officer may determine a closure date for the submission of bids on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

24.3. Bids submitted must be sealed.

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

22.4. Where SIYANCUMA municipality decides to apply pre-qualifying criteria to advance certain designated groups, SIYANCUMA municipality must advertise the tender with a specific tendering condition that only one or more of the following tenderers may respond –

22.4.1. a tenderer having a stipulated minimum B-BBEE status level of contributor;

22.4.2. an EME or QSE;

22.4.3. a tenderer or subcontracting a minimum of 30% to –

(i) an EME or QSE which is at least 51% owned by black people,

- (ii) an EME or QSE which is at least 51% owned black owned by black people who are youth.
- (iii) and EME or QSE which is at least 51% owned by black people who are women;
- (iv) an EME or QSE which is at least 51% owned by black people with disabilities;
- (v) an EME which is 51% owned by black people living in rural or underdeveloped areas or townships;
- (vi) a cooperative which is at least 51% owned by black people;
- (vii) an EME or QSE which is at least owned by black people who are military veterans;
- (viii) and EME or QSE

25. PROCEDURE FOR HANDLING, OPENING AND RECORDING OF BIDS

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

- a) Bids-
 - (i) must be opened only in public;
 - (ii) must be opened 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.

26. NEGOTIATIONS WITH PREFERRED BIDDERS

26.1. The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation -

- a) does not allow any preferred bidder a second or unfair opportunity;
- b) is not to the detriment of any other bidder; and
- c) does not lead to a higher price than the bid as submitted.

- d) upon approval to negotiate, the AO/AA must appoint a cross functional negotiation team, with one member appointed to be team leader.
- e) the negotiation team leader must ensure that all members of the negotiating team are clear on the negotiation strategy and desired outcomes.

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

27. TWO-STAGE BIDDING PROCESS

27.1. 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.

27.2. In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.

27.3. In the second stage final technical proposals and priced bids should be invited.

28. COMMITTEE SYSTEM FOR COMPETITIVE BIDS

28.1. A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:

- a) a bid specification committee;
- b) a bid evaluation committee; and
- c) a bid adjudication committee;

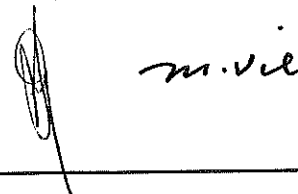
28.2. The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and

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

28.4. The committee system must be consistent with -

- a) paragraph 28, 29, 30 and 31 of this Policy; and
- b) any other applicable legislation.

28.5. The accounting officer may apply the committee system to formal written price quotations.



29. BID SPECIFICATION COMMITTEES

29.1. A bid specification committee must compile the specifications for each procurement of goods or services by the municipality.

29.2. Specifications -

- a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
- b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
- c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
- d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
- e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent";
- f) must indicate each specific goal for which points may be awarded in terms of the points system set out in this SCM Policy; and
- g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 24 of this Policy.

29.3. 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.

29.4. 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.

29.5. Exemption From Compliance to Regulation 29

29.5.1. Subject to the conditions in paragraph 29.5.2, municipalities and municipal entities are exempted from compliance with regulations 4(3) and 29(2) of the Regulations insofar as the regulations-

- a) prohibit the delegation or sub-delegation of any supply chain management powers or duties to a

person who is not an official of the municipality or municipal entity or to a committee which is not exclusively composed of officials of the municipality or municipal entity; and

- b) require a bid adjudication committee to consist of four senior managers.

29.5.2. Conditions

When applying paragraph 29.5.1, a municipality or municipal entity must implement the following conditions:

- a) For municipalities with four senior managers approved in their organogram but filled less than four and the posts are funded and are not subject to a moratorium emanating from implementing cost-containment measures, the municipality or municipal entity will be given six to 12 months from the date of this exemption to fill the specific positions subject to the bid adjudication committee still having a senior supply chain management practitioner and a technical expert in the relevant field as contemplated in regulation 29(2)(ii) and (iii);
- b) Where it is not viable for the posts in subparagraph (a) above to be filled, yet there are vacant positions, the municipality or municipal entity may consider appointing an official in an acting capacity to fulfil the role of a senior manager in those instances;
- c) For those municipalities or municipal entities with less than four senior managers approved in their organogram, they may utilise senior managers from neighbouring municipalities in accordance with section 88 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998); and
- d) Senior Managers who are members of the bid adjudication committee will be allowed to sub-delegate, in writing, their responsibilities to competent staff in cases where they cannot attend specific sittings of the committee.

NB: This does not apply to municipalities with all 4 senior management positions filled.

30. BID EVALUATION COMMITTEES

30.1. 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 29(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.

30.2. 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 Siyancuma Municipality.

31. BID ADJUDICATION COMMITTEES

31.1. 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.

31.2. A bid adjudication committee must consist of at least four senior managers of the Siyancuma municipality , which must include -

- (i) 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
 - (ii) at least one senior supply chain management practitioner who is an official of the Siyancuma Municipality ; and
 - (iii) a technical expert in the relevant field who is an official, and who requests the goods /services must be co-opted any way. Outside technical experts can also be co-opted, they must leave the meeting after advice has been given. Only standing committee members can be involved in final deliberation and recommendations or final approval.
- a) Where the Bid Adjudication Committee is of the view that the tenderer is charging prices higher than the fair market price, the Bid Adjudication Committee may request for the AO/AA to subject the tender to price negotiations with the tenderers scoring the highest points (from first highest to third highest) before award is made.

31.3. 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.

31.4. Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.

31.5.

- 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.

31.6. 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.

31.7. The accounting officer must comply with section 114 of the Act within 10 working days

31.8. For the purposes of continuity and not to delay meetings the Accounting Officer may also appoint any official to temporarily replace members that are absent from meetings due to illness, leave, etc. The Accounting Officer may also decide whether or not such an official will have the same powers as committee members.

32. PROCUREMENT OF BANKING SERVICES

32.1. 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.

32.2. The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.

32.3. 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 24(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990):

33. PROCUREMENT OF IT RELATED GOODS OR SERVICES

- 33.1. 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.
- 33.2. Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- 33.3. 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).
- 33.4. 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.

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

- 34.1. The accounting officer may procure goods or services under a contract secured by another organ of state, but only if -
- a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
 - b) there is no reason to believe that such contract was not validly procured;
 - c) there are demonstrable discounts or benefits to do so; and
 - d) that other organ of state and the provider have consented to such procurement in writing.
- 34.2. Subparagraphs (1)(c) and (d) do not apply if-
- a) a municipal entity procures goods or services through a contract secured by its parent municipality; or
 - b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.
- 34.3. The municipality will implement this procurement method using the guidelines provided in the Instruction Note 25/08/2020 and its implementation guide.

35. PROCUREMENT OF GOODS NECESSITATING SPECIAL SAFETY ARRANGEMENTS

- 35.1. The acquisition and storage of goods in bulk (other than water), which necessitate special safety

arrangements, including gasses and fuel, should be avoided where ever possible.

- 35.2. 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.

36. PROUDLY SA CAMPAIGN

- 36.1. The municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:

- Firstly - suppliers and businesses within the municipality or district;
- Secondly - suppliers and businesses within the relevant province;
- Thirdly - suppliers and businesses within the Republic.

37. APPOINTMENT OF CONSULTANTS

- 37.1. 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.

- 37.2. Consultancy services must be procured through competitive bids if

- a) the value of the contract exceeds R200 000 (VAT included); or
- b) the duration period of the contract exceeds one year.

- 37.3. 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.

- 37.4. 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 Siyancuma Municipality.

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

- 38.1. 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.

38.2. 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.

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

38.4. Management of expansion or variation of orders against the original contract

- (i) Contracts may be expanded or varied by not more than 20% for construction related goods, services and /or infrastructure projects and 15% for all other goods and/or services of the original value of the contract. Furthermore, anything beyond the above mentioned thresholds must be reported to council. Any expansion or variation in excess of these thresholds must be dealt with in terms of the provisions of Section 116 (3) of the MFMA which will be regarded as an amendment of the contract.
- (ii) The contents of this paragraph are not applicable to transversal contracts, facilitated by the relevant treasuries on behalf of municipalities and specific term contracts. The latter refers to orders placed as and when commodities are required and at the time of awarding contracts, the required quantities were unknown.

39. UNSOLICITED BIDS

39.1. In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.

39.2. 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.

39.3. 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) its 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.

39.4. 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.

39.5. 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.

39.6. A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.

39.7. 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.

39.8. 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.

39.9. 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.

40. COMBATING OF ABUSE OF SUPPLY CHAIN MANAGEMENT SYSTEM

40.1. The accounting officer must-

- a) take all reasonable steps to prevent abuse of the supply chain management system;
- b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified -
 - (i) take appropriate steps against such official or other role player; or
 - (ii) report any alleged criminal conduct to the South African Police Service;
- c) 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, are in arrears for more than three months; or
 - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
- e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
- f) cancel a contract awarded to a person if -
 - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- g) reject the bid of any bidder if that bidder or any of its directors -
 - (i) has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
 - (ii) has been convicted for fraud or corruption during the past five years;
 - (iii) has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - (iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

40.2. 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.

40.3. The accounting officer [who may delegate the task to the CFO] must, as part of complying with section 62[1][d] of the MFMA set up and maintain a register of Unauthorised, Irregular, Fruitless and Wasteful Expenditures. The aim with the register is also to serve as a tool for recording all unauthorised, irregular, fruitless and wasteful expenditures and for tracking progress in dealing with the consequences flowing from such expenditures until all the issues that gave rise to the expenditures are properly resolved in accordance with the legal framework. Please also consult National Treasury MFMA Circular 68 dated 10 May 2013 (updated 13 October 2021) in this regard.

40.4. REMEDIES

The regulation has been enhanced to include sub-regulations related to:

- (i) Giving tenderer an opportunity to make a submission;
- (ii) Informing the relevant treasury in writing of any actions taken against the tenderer;
- (iii) The responsibilities of the treasury after receiving documents from the organ of state concerned.

PART 3: LOGISTICS, DISPOSAL, RISK AND PERFORMANCE MANAGEMENT

41. LOGISTICS MANAGEMENT

41.1. 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;
- f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- g) monitoring and review of the supply vendor performance to ensure compliance with

specifications and contract conditions for particular goods or services.

- h) the maintenance and administration of term contracts is co-managed with acquisition management for general goods / services.

42. DISPOSAL MANAGEMENT

42.1. 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 to be determined by council.

42.2. Assets may be disposed of by –

a)

- (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
- (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
- (iii) selling the asset; or

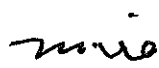
b) The accounting officer must stipulate that -

- (i) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- (ii) 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;
- (iii) in the case of free disposal of computer equipment, the provincial department of education must first be approached to indicate within 30 days whether any of the local schools are interested in the equipment; and
- (iv) in the case of disposal of firearms, the National Conventional Arms Control Committee has approved any sale or donation of firearms to any person or institution within or outside the Republic;

c) provide that -

- (i) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
- (ii) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;

d) where assets are traded in for other assets, the highest possible trade-in price is negotiated.



43. RISK MANAGEMENT

43.1. The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are to be determined by council

43.2. 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.

44. PERFORMANCE MANAGEMENT

44.1. 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.

PART 4: OTHER MATTERS

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

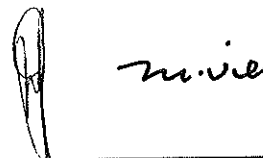
45.1. No award above R 15 000 [all taxes included], may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.

45.2. Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.

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

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

46.1. Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy -



- a) who is in the service of the state;
- b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- c) a person who is an advisor or consultant contracted with the municipality.

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

47.1. 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.

48. ETHICAL STANDARDS

48.1. A code of ethical standards as set out in subparagraph (2) is hereby established for officials and other role players in the supply chain management system of the municipality in order to promote -

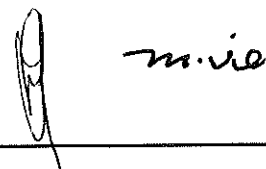
- a) mutual trust and respect; and
- b) an environment where business can be conducted with integrity and in a fair and reasonable manner.

Note:

It is recommended that the municipality or municipal entity adopt the 'National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management'. 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. A copy of the National Treasury code of conduct is available on the website www.treasury.gov.za/mfma located under "legislation". This code of conduct must be adopted by council or board of directors to become binding.

48.2. An official or other role player involved in the implementation of this Policy -

- a) must treat all providers and potential providers equitably;
- b) may not use his or her position for private gain or to improperly benefit another person;
- c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
- d) notwithstanding subparagraph (2) (c), must declare to the accounting officer details of any



reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;

- e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the municipality ;
- f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
- g) must be scrupulous in his or her use of property belonging to municipality ;
- h) must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
- i) must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including -
 - (i) any alleged fraud, corruption, favouritism or unfair conduct;
 - (ii) any alleged contravention of paragraph 49(1) of this Policy; or
 - (iii) any alleged breach of this code of ethical standards.

48.3. Declarations in terms of subparagraphs (2)(d) and (e) -

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

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

48.5. A breach of the code of ethics must be dealt with as follows -

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

49. INDUCEMENTS, REWARDS, GIFTS AND FAVOURS TO MUNICIPALITIES, OFFICIALS AND OTHER ROLE PLAYERS

- 49.1.** No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a

representative or intermediary promise, offer or grant-

- a) any inducement or reward to the municipality for or in connection with the award-of a contract;
or
- b) any reward, gift, favour or hospitality to -
 - (i) any official; or
 - (ii) any other role player involved in the implementation of this Policy.

49.2. 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.

49.3. Subparagraph (1) does not apply to gifts less than R350 in value.

50. SPONSORSHIPS

50.1. The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is -

- a) a provider or prospective provider of goods or services; or
- b) a recipient or prospective recipient of goods disposed or to be disposed.

51. OBJECTIONS AND COMPLAINTS

51.1. 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.

52. RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES

52.1. 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.

52.2. 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.

52.3. The person appointed must ~

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

52.4. A dispute, objection, complaint or query may be referred to the relevant provincial treasury if -

- a) the dispute, objection, complaint or query is not resolved within 60 days; or
- b) no response is forthcoming within 60 days.

52.5. If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

52.6. This paragraph must not be read as affecting a person's rights to approach a court at any time.

53. CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER-

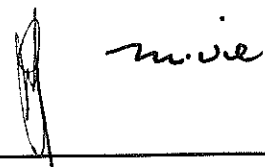
53.1. If a service provider acts on behalf of municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the 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.

54. PROCUREMENT CONTROL MEASURES UNDER COVID

54.1. During the national state of disaster accounting officers must consider the impact any supply chain disruptions may have on finance management operations and develop control measures to address such.

54.2. When accounting officers consider invoking provisions in contracts related to "force majeure" for suppliers, legal advice must be sought on a case-by-case basis and accounting officers must guard against the risk of possible fruitless and wasteful expenditure due to payments made for services not



rendered or goods not supplied.

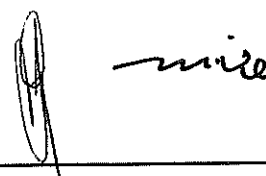
- 54.3. Internal controls within the supply chain management (SCM) environment must be reviewed in terms of administrative controls and delegations to ensure required authorisations are done by relevant officials.
- 54.4. Internal control measures must be established to consider and approve any COVID-19 related procurement in the municipality or municipal entity. Prior to generating an order in relation to COVID-19 related procurement, the document must be referred to any other relevant function within the municipality or municipal entity to conduct checks to prevent any possible irregular expenditure.
- 54.5. Emergency requirements may be addressed through the emergency procurement provisions as stipulated in SCM Regulations and MFMA Circulars — Preventing and Combatting Abuse in the SCM System and reiterated further in the National Treasury Circulars.
- 54.6. MFMA Circulars on Preventing and Combating Abuse in the Supply Chain Management System states that accounting officers must only deviate from inviting competitive bids in cases of emergency and sole supplier status. These deviations do not require the approval of the relevant treasuries. It is understood that emergency procurement may occur when there is a serious and unexpected situation that poses an immediate risk to health, life, property or environment which calls on a municipality or municipal entity to action and there is insufficient time to invite competitive bids.
- 54.7. The emergency procurement provisions provide for accounting officers to procure the required goods or services by other means, such as price quotations or negotiations, in terms of SCM Regulations. The reasons must be recorded and approved by the accounting officer or his/her delegate.
- 54.8. Section 114 of the MFMA and council policies require accounting officers to report within 10 working days to the relevant treasury and the Auditor-General all cases where goods and services were procured from bidders other than the one recommended. The report must include the description of the goods or services, the name/s of the supplier/s, the amount/s involved and the reasons for dispensing with the prescribed competitive bidding process.
- 54.9. The principles of fairness, equity, transparency, competitiveness and cost- effectiveness must be maintained. Emergency procurement must be limited to goods, services and works that addresses the programme of preventing the spread of the COVID-19 virus.

55. CIRCULARS AND GUIDELINES



m.ve

EFFECTIVE YEAR	DESCRIPTION	CIRCULAR NO
04 May 2022	Reporting of procurement in response to National State of Disaster as result of severe weather events	117
01 July 2021	Local Government Framework for Infrastructure Delivery and Procurement Management	106
18 July 2016	E-Tender Portal	83
November 2016	Cost Containment Measures	82
18 March 2016	Central Supplier Database	81
26 Oct 2015	Model SCM Policy for infrastructure Procurement and Delivery Management	77
13 May 2014	Systems of Delegations	73
22 May 2013	SCM on Local Production and Content	69
10 May 2013	Unauthorised, Irregular, Fruitless and Wasteful Expenditure	68
20 Aug 2012	SCM Enhancing Compliance and Accountability	62
03 Sep 2010	Supply Chain Management – Amended Guidelines on Functionality for Evaluation of Bids	53
30 July 2010	Supply Chain Management – Prohibition of Restrictive Practices	52
17 March 2008	Supply Chain Management – Checking the prohibition status of recommended bidders	46
25 May 2007	Supply Chain Management – Restriction of Suppliers	43
20 Oct 2006	Supply Chain Management Implementation Checklist	40
28 June 2006	Supply Chain Management Issues	34
27 March 2006	Supply Chain Management Issues	33
31 Jan 2006	Supply Chain Management Issues	29
03 Oct 2005	Supply Chain Management Guide and Bid Documents	25
20 April 2005	Supply Chain Management Training	16
25 Aug 2005	Model Policy Supply Chain Management	22
9 June 2004	Construction Industry Development Regulations	



56. GUIDELINES

- | | |
|----|---|
| 1. | Supply Chain Management: A Guide for Accounting Officers of Municipalities and Municipal Entities |
|----|---|

57. REGULATIONS

Date	Regulation	No
14 Dec 2023	Municipal Supply Chain Management Regulations	Notice No. 4198

58.

 *m.ile*

58.COMMENCEMENT

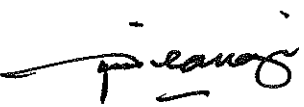
58.1. This Policy takes effect on 21 May 2025.

58.2. Approval: Council Resolution Number: 21/05/2025/10.1.3.7



Johannes George
Speaker

Date: 21/05/2025



Madoda Vilakazi
Municipal Manager

Date: 21/05/2025