SUPPLY CHAIN MANAGEMENTPOLICY

RECOMMENDED

THAT the **Supply Chain Management Policy** and the contents thereof be tabled for approval at the Council

Date	March 2023
Document Name	**Supply Chain Management Policy and Procedures**
Reviewed By	
	Date:
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Signature	
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	MUNICIPAL MANAGER
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	CHAIRPERSON
	Date:
	RESOLUTION
Effective date	**01 March 2023**
Next revision date	**May 2023**

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CHAPTER 1: ESTABLISHMENT AND IMPLEMENTATION OF THE SUPPLY CHAIN MANAGEMENT POLICY

PART 1: Supply Chain Management Policy

1. Review Of The Policy

1.1. The CFO will be the official responsible for implementation of this policy.

1.2. The implementation of this policy must be reviewed as and when required to ensure that it is aligned with the legislative environment.

1.3. When deemed necessary on an ad hoc basis, the CFO must submit proposals for the amendment of the policy to Council through the relevant structures.

1.4. If the CFO submits proposed amendments to the Council that differ from the model policy issued by National Treasury, the CFO must-

1.4.1. Ensure that, such proposed amendments comply with the Regulations.

1.4.2. Report any deviation from the model policy to National Treasury and the relevant Provincial Treasury.

2. Distribution Of The Policy

2.1. All changes must be distributed to all the role players.

2.2. All recipients are to sign for receipt of the documentation.

2.3. After changes have been made, updated hard copies (and electronic copies) must be sent at least to the following parties:

2.3.1. Finance Portfolio Committee (Sub-committee of Council);

2.3.2. Accounting Officer;

2.3.3. Chief Financial Officer;

2.3.4. All Senior Managers; and

2.3.5. All Role players

PART 2: Terminology

1. Abbreviations

AO	Accounting Officer
BBBEEA	Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2000).
BEE	Black Economic Empowerment
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
CIPC	Companies and Intellectual Property Commission
DTI	Department of Trade and Industry
GCC	General Conditions of Contract
IDP	Integrated Development Plan
MBD	Municipal Bidding Document
MFMA	The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).
MLM	Mafube Local Municipality
PPPFA	Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) PPR 2022
SARS	South African Revenue Services
SCM	Supply Chain Management
SCMU	Supply Chain Management Unit
SITA	State Information Technology Agency
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprise
TOR	Terms of Reference
VAT	Value Added Tax

2. Definitions And Abbreviations

2.1. In this Supply Chain Management 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-

Accountability	Means the personal responsibility of a person to his senior or higher authority for any act or omission in the execution of his assigned duties (Accountability cannot be delegated).
Accounting Officer	Means the Accounting Officer as defined in the Municipal Finance Management Act.
Adjudication points	Means the points referred to in terms of Preferential Procurement Regulations,2022.
All applicable taxes	Includes value-added tax, pay as you earn income tax, unemployment insurance fund contributions and skills development levies.
Asset	Means a tangible or intangible resource capable of ownership.
Bidder	Means any person (natural and/or juristic) submitting a competitive bid or a quotation pursuant to definition 1.35.
Black people	Means Africans, Coloureds and Indians (including Chinese) people who are citizens of South Africa by: ▪ Birth; or ▪ Descent; ▪ Naturalization prior to the commencement date of the Interim Constitution (1993); or ▪ Naturalization after the commencement date of the Interim Constitution (1993), but were prevented from becoming naturalized by apartheid.
B-BBEE Status level of contributor	Means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act.
BVA	Means BEE Verification Agency
Capital Asset	Means:

	a. Any immovable asset such as land, property or buildings; or b. Any movable asset that can be used continuously or repeatedly for more than one year in production or supply of goods and services, for rental to others or for administrative purposes, and from which future economic benefit can be derived, such as plant, machinery and equipment.
CCA	Means Closed Corporations Act, Act No 69 of 1984
Closing Time	Means the time and day specified in the bid documents for the receipt of documents.
Comparative price	Means the price after the factors of a non-firm price and all unconditional discounts that can be utilized have been taken into consideration.
Competitive Bidding Process	Means a competitive bidding process referred to in Regulation 12(1)(d) of the Municipal Supply Chain Management Regulations.
Competitive Bid	Means a bid in terms of the Competitive Bidding Process.
Construction Industry Development Board (CIDB) Act	Means the Construction Industry Development Board Act, 38 of 2000 and includes the regulations pertaining thereto.
Construction Works	Means any work in connection with: a. The erection, maintenance, alteration, renovation, repair, demolition or dismantling of or addition to a building or any similar structure; b. The installation, erection, dismantling or maintenance of a fixed plant; c. The construction, maintenance, demolition or dismantling of any bridge, dam, canal, road, railway, sewer or water reticulation system or any similar civil engineering structure; or d. The moving of earth, clearing of land, the making of an excavation, pilling or any similar type of work.
Consortium or Joint Venture	Means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract.

Consultant	Means any person or entity providing services requiring knowledge based expertise and includes professional service providers.
Contract	Means the agreement that results from acceptance of a tender by an organ of state.
Contractor	Means any person or entity whose bid or quote has been accepted by the municipality.
Contract participation goal	Means the amount equal to the sum of the value of work for which the prime contractor contracts to engage specific target groups in the performance of the contract, expressed as a percentage of the bid sum, excluding provisional sums, contingencies and VAT.
Council	Means the Mafube Local Municipality.
Delegated Authority	Means any person or committee who have been delegated authority by the municipality in terms of the provision of the Municipal Finance Management Act and the Systems Act.
Disability	In respect of a person, means a permanent impairment of a physical, intellectual, or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner, or in the range, considered normal for a human being.
Exempted Capital Asset	Means a municipal capital asset which is exempt by Section 14(6) or 90(6) of the MFMA from other provisions of that section.
Exempted Micro Enterprises (EMEs) "GENERIC"	Means any enterprise with an annual total revenue of R5,000,000 or less, with a certificate issued by the registered Auditor or Accounting Officer as contemplated in Section 60(4) of the Close Corporation Act No. 9 of 1984. Exempted Micro Enterprises are deemed to have a B-BBEE status level 4 contributor and if owned by more than 50% black people or by black women, it will be deemed to have a B-BBEE status level 3 contributor.
Exempted Micro Enterprises "TOURISM"	Means any enterprise within the tourism sector an annual total revenue of R 2,500,000 or less, with a certificate issued by the registered Auditor or Accounting Officer as contemplated in Section 60(4) of the Close Corporation Act No. 9 of 1984.

Exempted Micro Enterprises "CONTRUCTION"	Means any enterprise within the construction sector with annual total revenue of R 1,500,000 or less, with a certificate issued by the registered Auditor or Accounting Officer as contemplated in Section 60(4) of the Close Corporation Act No. 9 of 1984.
Final Award	In relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept.
Firm Price	Means the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy, or tax, which, in terms of the law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract.
Formal Written Price Quotation	Means a written or electronic offer to the MLM in response to an invitation to submit a quotation.
Functionality	Means the measurement according to predetermined norms, as set out in the tender documents, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a tenderer. "Functionality is also referred to as "Quality".
HOD	Head of the Department
In the service of the state	Means: a. A member of any municipal council, any Provincial Legislature or the National Assembly or the National Council of Provinces; b. An official of any municipality or municipal entity; c. An employee of any National or Provincial Department, National or Public Entity or Constitutional Institution within the meaning of the Public Finance Management Act, 1 of 1999; d. A member of the board of directors of any municipal entity; e. A member of the Accounting Authority of any provincial or

	national public entity; and f. An employee of Parliament or a Provincial Legislature.
Lead-time	The period between the MLM's order and the delivery of the final Product /service.
Long term contract	Means a contract with a duration period exceeding one year.
Municipal Assets Transfer Regulations	Means the Municipal Assets Transfer Regulations published in Government Gazette 31346 of 22 August 2008.
Municipal Entity	Means an entity defined in the Systems Act.
Non-exempted Capital Asset	Means a municipal capital asset which is not exempted by Section 14(6) or 90(6) of the MFMA, from the other provisions of that section.
Non-firm prices	Means all prices other than "firm prices"
Other applicable legislation	Means any other legislation applicable to municipal supply chain management, including- a) The Constitution of the Republic of South Africa (Section 217); b) The Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and PPPFA Regulations 2022; c) The Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 d) of 2000), the regulations and all amendments; e) The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the regulations and all amendments; f) The Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), the regulations and all amendments; g) The Construction Industry and Development Board Act, 2000 (Act No. 38 of 2000), the regulations and all amendments; h) The Prevention and Combating of Corrupt Activities Act, 2004, (Act No. 12 of 2004); i) The Competition Act, 1998 (Act No. 89 of 1998); j) The State Information Technology Agency, 1998, (Act No. 88 of 1998 as amended by Act No. 38 of 2002); k) The National Small Business Act, 1996 (Act No. 102 of 1996);

	l) Protected Disclosures Act, 2000 (Act No. 26 of 2000); m) Treasury regulations; n) National Treasury Circulars and Letters; o) Supply Chain Management: A guide to Accounting Officers and Accounting Authorities; and
Person	Includes the natural or juristic entity.
Policy	Means this Supply Chain Management Policy as amended from time to time with annexures.
Prime Contractor	Shall have the same meaning as the contractor.
QSE	Means Qualifying Small Enterprise.
Rand value	Means the total estimated value of a contract in South African currency, calculated at the time of tender invitations, and includes all applicable taxes and excise duties.
Republic	Means Republic of South Africa.
Responsible Agent	Means those internal project managers being the MLM officials or external consultants appointed by the MLM responsible for the administration of a project or contract.
Responsive bid/quotation	Means a bidder that: a. Complies in all respects with the specification and conditions of the bid. b. Has completed and signed all the prescribed bid forms to enable MLM to evaluate the submitted bid. c. Has submitted the required original tax clearance certificate and other clearance/registration forms as prescribed by the Income Tax Act and/or in the bid documentation. d. Has the necessary capacity and ability to execute the contract. e. Have its municipal rates and taxes and municipal services

	charges account in order.
Treasury Guidelines	Means guidelines on supply chain management issued by the Minister in terms of section 168 of the Act.
The Act	Means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).
SANAS	Means South African National Accreditation System
SARS	Means South African Revenue Services
SME's	Small, Medium and Micro Enterprises bears the same meaning assigned to this expression in the National Small Business Act, 102 of 1996.
SASAE	Means South African Standard on Assurance Engagements
Sub-contractor	Means any person that is employed, assigned, leased or contracted by the prime contractor to carry out work in support of the prime contractor in the execution of the contract.
Supplier/Vendor	Are generic terms which may include suppliers of goods and services, contractors and/or consultants.
Supplier Database	Means the list of accredited prospective providers which the municipality or municipal entity must keep in terms of Regulation 14 of the Municipal Supply Chain Management Regulations published in Government Gazette 27636 of 30 May 2005.
Tender/Tenderer	Means bid/bidder in the context of construction works procurement.
Term bid	Means a rates based bid for ad hoc or repetitive supply of goods, services or construction works, where the individual rates are approved for use over a specified contract period.
The Systems Act	Means the Local Government: Municipal Systems Act (Act No. 32 of 20000) and its regulations.
Treasury Guidelines	Means any guidelines on supply chain management issued by the Minister in terms of Section 168 of the MFMA.
Unsolicited Bid	Means an offer submitted by any person at its own initiative without having been invited by the MLM to do so.
Value for money	Means in relation to agreements, that the performance of a private party in terms of the agreement will result in a net benefit to the

	institution defined in terms of cost, price, quality, quantity, risk transfer or any combination of those factors.

2.2. Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include females and words importing persons shall include companies, close corporations and firms unless the context clearly indicates otherwise.

2.3. All limits stated in this document shall be deemed to be inclusive of all applicable taxes.

PART 3: Purpose

1. This Supply Chain Management Policy and Procedure Manual represents the minimum standards that staff members are expected to apply in their procurement activities. The overall objective of this policy and procedure manual is:

1.1. To ensure efficient, effective and uniform planning for and procurement of goods, services and/or works, required for proper functioning of MLM as well as the sale and letting of assets;

1.2. To give effect to section 217 of the Constitution of the Republic of South Africa by implementing a system that is **fair, equitable, transparent, competitive and cost-effective;**

1.3. To comply with all provisions of MFMA including the Municipal Supply Chain Management Regulations published under GN868 in Government Gazette 27636 30 May 2005 and any National Treasury Guidelines issued in terms of MFMA;

1.4. To ensure, that the goods and services required, are aligned to both the IDP and budget of MLM.

1.5. To obtain best value for money when procuring goods and services.

1.6. To ensure that the objectives of uniformity in supply chain management systems between organs of state, in all spheres, is not undermined and that consistency with national economic policy on the promotion of investments and doing business with the public sector is maintained.

PART 4: Application Of This Policy

1. This Policy applies to:

   1.1. The procuring of goods or services, including construction works and consultancy services;
   1.2. The disposal of assets no longer needed;
   1.3. The selection of contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Systems Act applies; or
   1.4. The selection of external mechanisms referred to in section 80 (1) (b) of the Systems Act for the provision of municipal services in circumstances contemplated in Section 83 of that Act.

2. This policy, except where provided otherwise, does not apply in respect of procurement of goods and services with other organs of state as contemplated in section 110(2) of the Act, including:

   2.1. Water from Department of Water Affairs or a public entity, another municipality or a municipal entity; and
   2.4. Electricity from Eskom or another public entity, another municipality or a municipal entity.

3. Unless specifically stated otherwise, this Policy does not apply if MLM contracts with another organ of the state for:

   3.1. The provision of goods and services;
   3.2. The provision of a municipal service; and
   3.3. The procurement of goods and services under a contract secured by that organ of the state provided that the relevant organ of the state has agreed to such procurement.

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

PART 5: SCM Strategic Objectives

1. To promote and maintain good corporate governance:

   1.1. Compliance with legislative requirements.
   1.2. Simplified uniform SCM Policy and Procedures.
   1.3. Appropriate delegations and segregation of duties.
   1.4. Audit trail of procurement process.

1.5. Recorded spend.

2. To promote Local BEE suppliers and SMME through procurement spend:

2.1. Promotion of Local BEE Suppliers/SMME joint ventures and subcontracting where feasible.
2.2. Promote the competitiveness of local BEE suppliers.
2.3. Unbundling of large scale infrastructure projects into small manageable projects for SMME's.
2.4. Appointing panels of suppliers and ensure rotation amongst BEE suppliers.

3. To use SCM as an enabler to achieve strategic objectives in the IDP.

3.1. Adequate budgeting.
3.2. Responsive SCM processes.

4. To ensure value for money when procuring.
4.1. Optimal processes.
4.2. Clear and unambiguous requirement setting (Specifications/TORs).
4.3. Effective contract and supplier management.

PART 6: Procurement Principles

1. The MLM shall adhere to the procurement principles as noted hereunder:

1.1. Transparency

The procurement process shall be opened and predictable and shall afford prospective bidders timely access to the same and accurate information.

1.2. Equal treatment

All bidders and providers shall be treated equally throughout the whole procurement process and shall be given access to the same information.

1.3. Effectiveness

The MLM shall strive to standardise and simplify procedures where appropriate to enhance the SCM system's effectiveness and shall carry out its SCM processes as cost-effectively and efficiently as possible. The MLM shall strive to build relationships with providers, shall ensure good working practices and shall encourage innovative solutions for providers.

1.4. Competitiveness

The MLM shall satisfy its requirements through competition unless there are justifiable reasons to the contrary.

1.5. Fairness

All bidders shall be dealt with fairly and without unfair discrimination. Unnecessary constraints shall not be imposed on bidders/contractors and commercial confidentiality shall be protected.

1.6. Ethics

All bidders shall be treated equally whilst promoting certain empowerment objectives, all stakeholders shall conduct business and themselves professionally, fairly, reasonably and with integrity, all interest shall be disclosed and all breach shall be reported.

1.7. Proportionality

The product/service requirements stipulated in the specification/TOR and the qualification requirements attached thereto must be appropriate, necessary and in reasonable proportion to the product/service being procured.

1.8. Uniform application

The MLM shall ensure the application of a SCM policy and a streamlined SCM process and documentation that is uniformly applied by the MLM, all things being equal. The procurement processes shall be simple and adaptable to advances in modern technology to ensure efficiency and effectiveness.

1.9. Responsibility

Each practitioner shall be responsible for their decisions and actions relative to their SCM responsibilities, the SCM process as well as in the implementation of concluded contracts. The MLM shall develop a system, when warranted by circumstances, to investigate and hold liable

both employees and relevant private parties dealing with MLM, for their decisions and actions relative to their procurement responsibilities, the procurement process as well as in the implementation of concluded contracts.

1.10. Openness

The MLM shall ensure a procurement process and a subsequent contract award and implementation according to the predetermined specifications in line with the best practice procurement principles.

1.11. Value for money

The MLM shall achieve value for money through the optimum combination of whole life cost and quality (or fitness for purpose) to meet the customer's requirements while maximising efficiency, effectiveness and flexibility.

1.12. Commitment to safety, health and the environment

The MLM is committed to the health and safety of its personnel and its providers in the application of its SCM system. The MLM is committed to the preservation of the environment, minimised pollution and improved use of natural resources in the application of its SCM processes and more specifically in the design of the specifications/TORs for each requirement.

PART 7: Applicable Legislation

1. The MLM is committed to apply the prescribed legislative environment as it pertains to SCM.
2. This Supply Chain Management Policy and Procedure Manual will be applied within the ambit of the following legislation, regulations and prescripts as listed below.

    2.1. The Constitution of the Republic of South Africa (Section 217);
    2.2. The Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and PPPFA Regulations 2022.
    2.3. The Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2000), the regulations and all amendments;

2.4. The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the regulations and all amendments;

2.5. The Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), the regulations and all amendments;

2.6. The Construction Industry and Development Board Act, 2000 (Act No. 38 of 2000), the regulations and all amendments;

2.7. The Prevention and Combating of Corrupt Activities Act, 2004, (Act No. 12 of 2004);

2.8. The Competition Act, 1998 (Act No. 89 of 1998);

2.9. The State Information Technology Agency, 1998, (Act No. 88 of 1998 as amended by Act No. 38 of 2002);

2.10. The National Small Business Act, 1996 (Act No. 102 of 1996);

2.11. Protected Disclosures Act, 2000 (Act No. 26 of 2000);

2.12. Treasury regulations;

2.13. National Treasury Circulars and Letters;

2.14. Supply Chain Management: A guide to Accounting Officers and Accounting Authorities; and

3. Where the policy contradicts any of the above, the relevant Acts or regulations shall prevail.

PART 8: Delegations

1. The Council hereby delegates all powers and duties to the Accounting Officer which are necessary to enable the Accounting Officer-

1.1. To discharge the supply chain management responsibilities conferred on the Accounting Officer in terms of:

1.1.1. Chapter 8 or 10 of the Act; and

1.1.2. This Policy.

1.2. To maximize administrative and operational efficiency in the implementation of this policy;

1.3. 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

1.4. To comply with his responsibilities in terms of section 115 and other applicable provisions of the Act.

2. All SCM activities shall be executed in accordance with pre-established levels of authority through delegations to ensure that control and segregation of responsibility.
3. Delegations shall be in writing to a specific individual or the holder of a post and shall be in line with Council's system of delegations.
4. A delegation shall be subjected to such limitations and conditions as the Council may impose in a specific case.
5. A delegation may only be revoked by the person who approved the delegation in the first place or any higher authority.
6. The Council/Accounting Officer is entitled to confirm, vary or revoke any decision taken in consequence of a delegation by such lower authority, provided that no such variation or revocation of a decision should detract from any rights that may have accrued as a result of the decision.
7. 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.

PART 9: Oversight

1. Section 117 of the MFMA prohibit any MLM Councillor from being a member of a bid committee or any other committee evaluating or approving quotations or bids nor may MLM Councillor attend any such meeting as an observer.
2. Council, however, has an oversight role to ensure that the Accounting Officer implements this Supply Chain Management Policy.
3. The Mayor must provide general political guidance over the fiscal and financial affairs of the MLM and may monitor and oversee the exercise of responsibilities assigned to the Accounting Officer and the CFO in terms of the Act.
4. For the purpose of such oversight, the Accounting Officer, shall within 10 (ten) days at the end of each quarter, submit a report on the implementation of this Policy to the Mayor and, within 30 (thirty) days of the end of each financial year, shall submit a similar such report to Council.

5. In addition, if any serious problem arises in relation to the implementation of this Policy, the Accounting Officer shall immediately report such to Council accordingly.
6. All such reports shall be made public in accordance with Section 21A of the Systems Act.

PART 10: Establishment Of The SCM Unit

1. The SCM System

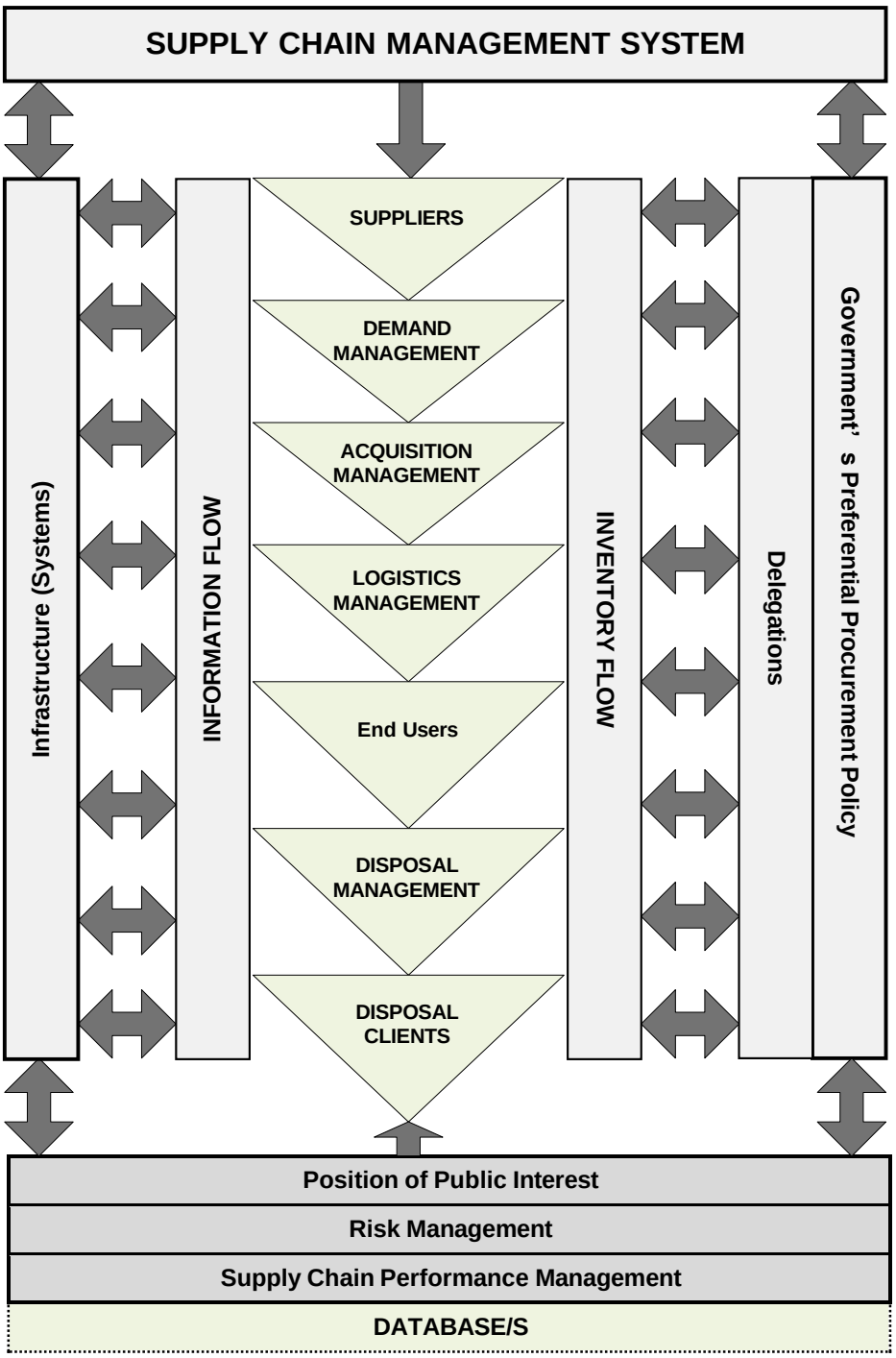
1.1. The Council shall develop and implement an effective and efficient SCM system for the acquisition of goods, services and/or works.
1.2. The disposal and letting of state assets and goods no longer required.
1.3. The system shall be fair, equitable, transparent, competitive and cost-effective.
1.4. The system shall be consistent with the PPPFA and the BBBEEA.
1.5. The system shall provide for at least the following:

1.5.1. Demand management;
1.5.2. Acquisition management;
1.5.3. Logistics management;
1.5.4. Disposal management;
1.5.5. Risk management; and
1.5.6. Regular assessment of supply chain management performance

1.6. The system must in the case of procurement through bidding process, provide for:

1.6.1. Bidding procedures;
1.6.2. The establishment, composition and functioning of a bid specification, bid evaluation and bid adjudication committees.
1.6.3. Adjudication of bids through a bid adjudication committee.
1.6.4. Consideration of bid evaluation recommendations.

1.7. The system takes into account the main influencers such as suppliers, clients, information and inventory flow.



2. SCM Unit

2.1. The MLM has established a Supply Chain Management Unit to assist the Accounting Officer to implement this Policy.

2.2. The SCM Unit operates under the direct supervision of the CFO or an official to whom this duty has been delegated in terms of section 82 of the Act.

2.3. The SCM Unit must provide for the main functions of the SCM System.

2.4. The SCM Unit shall provide administrative support services to the bid committees and other relevant evaluation and award structures.

2.5. The SCM Unit must execute any other functions as prescribed by the National Treasury from time to time.

3. Training Of SCM Officials

3.1. The Accounting Officer shall ensure that officials implementing the SCM System are trained in accordance with Local Government: Municipal Finance Management Act: Municipal Regulations on Minimum Competency Levels dated 15/06/2007 and any other Treasury Guidelines on supply chain management training.

3.2. The Accounting Officer and all other officials of the MLM involved in the implementation of the SCM policy must meet the prescribed minimum competency levels.

3.3. The MLM must therefore provide resources or opportunities for training of relevant officials to meet the prescribed minimum competency levels.

3.4. The MLM must provide training for at least practitioners who are involved with the day-to-day operations of SCM (senior and operational level).

3.5. Evaluation reports in this regard as well as details of all officials who have successfully completed a course must be submitted to National Treasury.

4. Communication With The MLM

4.1. All correspondence with regard to this Policy shall be addressed to the Chief Financial Officer.

5. Availability Of Supply Chain Management Policy

5.1. A copy of this policy and other relevant information is available on the MLM's website. www.mafube.fs.gov.za

CHAPTER 2: SUPPLY CHAIN MANAGEMENT FRAMEWORK

PART 1: Demand Management System

1. Introduction

1.1. The Accounting Officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan.

1.2. Demand Management is the first element of the SCM function. The objective is to ensure that the resources required to fulfill the needs identified in the Integrated Development Plan (IDP) of MLM are delivered at the right time, price and place and that the quantity and quality will satisfy those needs of MLM.

1.3. The MLM's Integrated Development Plan (IDP) is a comprehensive strategy document setting out how the municipality intends to tackle its developmental challenges in a financial year. It is on the basis of the IDP that the resources of the municipality will be allocated and on which the budget is based.

1.4. Demand management within SCM forms an integral part of a series of activities that will contribute to achieving the measured goals of the institution by ensuring that goods, works or services are delivered as originally envisaged; with a reliable standard of quality and to the satisfaction of end-users. Correct implementation also ensures that, controls exist for management to detect variances early and rectify them in a planned and orderly manner and to foster a culture of compliance, thereby assisting management to achieve its goals and satisfy the executive and general public.

1.1. **The Demand Management System must-**

1.1.1. 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;

1.1.2. Take in account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature (such as long term contracts);

1.1.3. Provide for the compilation of required specifications to ensure that its needs are met; and undertake appropriate industry analysis and research to ensure that innovations

and technological benefits are maximised to the extent appropriate and within the available resources.

2. Steps To Be Implemented For Effective Demand Management System.

2.1. Participation in the strategic planning process

2.1.1. As part of the strategic planning exercise of MLM, the various functions to be executed must be identified. Pursuant thereto, it is necessary to determine the different resources required to execute the identified functions, i.e. water services, sanitation, refuse removal, electrical, etc. These resources must be budgeted for. It is of vital importance to know, even at this stage, the estimated costs of the required resources, including the estimated costs of the required goods, works or services.

2.1.2. Demand management must be co-ordinated by SCM officials in consultation with end-users. This includes a detailed analysis of the goods, works or services required, such as:-

2.1.2.1. The scope of the work to be executed;
2.1.2.2. The time required to complete the project; and
2.1.2.3. The material, resources, equipment required to execute the project.

2.1.3. The outcome of this activity should be a detailed planning document that outlines what goods, works or services should be procured, the manner in which they should be procured as well as the timelines to execute the procurement functions.

2.2. Procurement planning

2.2.1. Procurement planning should take place at the beginning of the financial year when the MLM's IDP, SDBIP and annual budget have been approved. Procurement plans cannot be developed in isolation; it should instead form part of the MLM's and other functional strategies. The SCM Unit must perform hand-in-hand with End-End-user

departments / directorates in the formulation of procurement plans.

2.3. **Analysis of the goods, works or services required**

2.3.1. During the strategic planning phase of the MLM, the goods, works or services required to execute the identified functions are determined. The SCM Unit should assist the process in ensuring that the identified goods, works or services are the optimum resources required to achieve the goals and objectives of the MLM.

2.3.2. The SCM unit must analyse the goods, works or services required and execute, among others, the following:

2.3.2.1. List the functions to be executed by the institution;

2.3.2.2. Conduct an analysis of the past expenditure as this exercise may, among others, contribute in determining the manner in which the institution fulfilled its needs in the past; and

2.3.2.3. Compile a detailed list of the goods, works or services required to execute the functions listed as per 2.3.2.1 above.

2.4. **Planning to obtain the required goods, works or services**

2.4.1. Together with the end-user, the SCM Unit should apply strategic sourcing principles to determine the optimum manner in which to acquire the required goods, works or services. This entails, among others, the following:

2.4.1.1. Conducting an industry and market analysis of the goods, works or services to be obtained. This must include the determination of a reasonable price for the required goods, works or services;

2.4.1.2. Confirmation that sufficient funds have been allocated for the procurement of the required goods, works or services. If this is not so, the end-user must be informed accordingly. The procurement process should not proceed if funds

are not available. Documentary proof must be obtained to substantiate the availability of budgetary provisions;

2.4.1.3. Considering the optimum method to satisfy the need, for example whether the procurement should be by means of price quotation, advertised competitive bids, limited bids; procuring the goods, works or services from other institutions , or on transversal term contracts nor ad hoc contracts;

2.4.1.4. The frequency of the requirement(s) must be established in order to determine whether it would be cost-effective to arrange a specific term contract for the goods, works or service;

2.4.1.5. Establishing whether it would be cost-effective to have the goods available as a store item within the institution. Should this be the case, the minimum and maximum storage levels of these items should be determined and managed; and

2.4.1.6. Establishing the lead time required by the potential suppliers to deliver the required goods, works or services after receipt of an official order.

3. Major Activities

3.1. Demand management must translate the annual plan (SDBIP) and multi-year business plan (IDP) of MLM into current and future needs. The process should consider the following as a minimum:

3.1.1.1. Understanding of the current and future needs;

3.1.1.2. Linking the requirements with the budget; and

3.1.1.3. Ensuring that the need forms part of the IDP of the municipality.

3.1.2. Consideration of the optimum method to satisfy the need e.g. possibility of procuring goods and services using transversal or ad hoc contracts;

3.1.3. Consideration of an analysis of previous expenditure in order to determine the manner in which the particular need was fulfilled in the past;

3.1.4. Indication of the frequency of the specified requirement;

3.1.5. Assessment of available assets;

3.1.6. Determination of the economic order quantity;

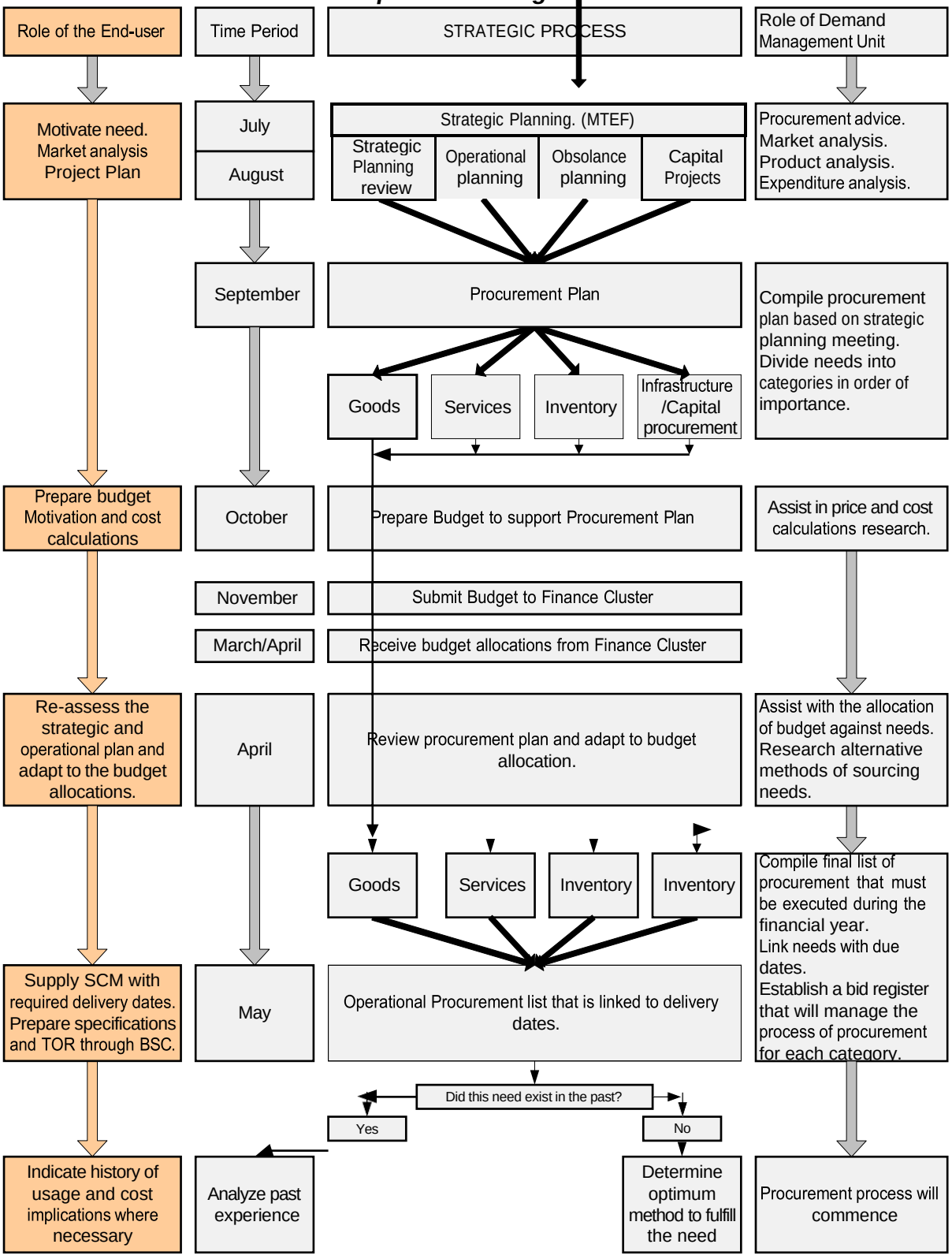
3.1.7. Identification of lead and delivery times;

3.1.8.Planning for publication; and

3.1.9.Conducting an industry and commodity analysis.

Annexure A

The coordination of the different plans and budgets



Source: PALAMA

PART 2: Acquisition Management System

1. Introduction

1.1. The Accounting Officer must implement the system of acquisition management set out in this part in order to ensure-

1.1.1. That goods and services, including construction works and consultancy services are procured by MLM only in accordance with the authorised procedures incorporated herein;

1.1.2. That expenditure on goods and services, construction works and consultancy services is incurred in terms of an approved budget in terms of section 15 of the Act;

1.1.3. That the threshold values of different procurement procedures are complied with;

1.1.4. That bid documentation, evaluation and adjudication criteria, general conditions of contract and any special conditions of contract are in accordance with the requirements of any applicable legislation;

1.1.5. That any Treasury guidelines (as per the circulars issued) on acquisition management are taken into account; and

1.1.6. That MLM avoids incurring unauthorised, irregular, fruitless and wasteful expenditure.

1.2. When procuring goods or services as contemplated in section 110(2) of the Act, the Accounting Officer must make public on the website the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including-

1.2.1. The kind of goods or services; and

1.2.2. The name of the supplier.

2. Range Of Procurement Processes

Goods and services, including construction works and consultancy services may only be procured through the range of procurement processes set out below.

2.1. One written quotation for **petty cash purchases,** up to a transaction value of R 2000-00 (VAT included) per case.;

2.2. Three formal written quotations for procurement of a transaction value over R 2000-01 up to R 30 000-00 (VAT included);

2.3. Competitive 7 days bidding process for procurement of a transaction value over R 30 000-01 up to R 200 000-00 (VAT included); and

2.4. A formal bidding process for-

2.4.1. Procurement above a transaction value of R 200 000-01 (VAT included); and

2.4.2. The procurement of long-term contracts.

2.5. The Accounting Officer may, in writing-

2.5.1. Lower, but not increase, the different thresholds values specified in paragraph 2.1 to 2.5; or

2.5.2. Direct that-

2.5.2.1. Written or verbal quotations be obtained for any specific procurement of a transaction value lower than R 2000-00;

2.5.2.2. Formal written price quotations for any specific procurement of a transaction value lower than R 30 000-00; or

2.5.2.3. A competitive bidding process be followed for any specific procurement of a transaction value lower than R 200 000-00.

2.6. The following threshold values for procurement of purchases between R 0-01 to R 200 000-00 (VAT included), is hereby adopted by MLM.

2.6.1. **Purchases for amounts between R 0-01 and R 1000-00 (VAT included), per request:**

'Petty Cash' means a small amount of cash kept on hand for incidental purposes of low value goods and services (i.e. postage, office suppliers, reimbursement out of pocket expenditures), which if accommodated under normal procurement processes, it will cost the municipality more in administrative actions than the actual cost of goods/services required. **Petty cash may not be used for payroll payments, inventory, capital goods, entertainment expenses, travel expenses and other personal obligations.**

A petty cash voucher is completed and authorised by the HOD and CFO/delegate. A valid tax invoice or cash slip must be handed in within 2 days to prevent money from being deducted from salary.

2.6.2. **Purchases for amounts between R 2000-01 and R 30 000-00 (VAT included):**

A minimum of three written quotes will be required. Official general requisitions are to be authorized by the Head of Department and CFO/Delegate. An order is placed against written confirmation from the selected supplier by SCMU.

2.6.3. **Purchases for amounts between R 30 000-01 and R 200 000-00 (VAT included):**

The SCMU must ensure that the competitive seven days bidding process is followed in accordance with the Preferential Procurement Policy Framework Act No. 5 of 2000, its regulations and amendments for purchases in this range as well as the CIDB regulations where required. An invite to quote for goods and services is placed on the website and notice board for 7 days.

Detailed specifications need to be signed off prior to the placement of at the bid specifications committee meeting.

The submitted bids will be commercially evaluated on receipt thereof at the time and closing date by SCMU and the relevant members who approved the specifications including the end-End-user department/requestor are invited for technical perusal and inspection (where required) in collaboration with the other departments (where applicable).

Members of the bid specification committee will be part of the evaluation committee and take minutes and submit an approval memo under the signature of the end-End-user department's Director to the delegated authority for approval.

2.6.4. **Procurement of transaction values above R 200 000-01 (VAT included)**

The formal competitive bidding process must be followed in accordance with PPPFA, its regulations and amendments as well as CIDB regulations where required. Detailed specifications needs to be signed off prior to placement at a formal Bid Specification Committee meeting, as appointed by the Accounting Officer.

The submitted bids will be evaluated in terms of compliance and commercial on receipt thereof at the time and date of closing by the SCMU, the bids will be evaluated, site inspections conducted (where required) in collaboration with other departments.

A recommendation is formalized at the Bid Evaluation Committee meeting and SCMU will table the agenda report to the Bid Adjudication Committee for approval. The SCMU will print an order to be signed by the Executive Director and CFO/delegate or compile an appointment letter to be signed off by the Executive Director and CFO on approval of the bid committee.

2.6.5. **Bids Exceeding R10 million (VAT included)**

The following information must be submitted by the Director responsible for the Vote to the CFO prior to the public advertisement of any bids in excess of R10 million (all applicable taxes included):

2.6.5.1. Proof of budgetary provision exists for procurement of the goods, services and or infrastructure projects;

2.6.5.2. Any ancillary budgetary implications related to the bid, for example, if the project is for the acquisition of municipal asset, does budgetary provision exist for the operation of the asset, maintenance costs relating to the asset, administration cost and rehabilitation/renewal costs; and

2.6.5.3. Any multi-year budgetary implications, for example if a project will take more than one financial year, the estimated expenditure for financial year.

2.6.5.4. Goods, services and/or infrastructure projects above the value of R10 million (all applicable taxes included) may only be awarded to the preferred bidder after the CFO has verified in writing that budgetary provision exist for the

acquisition of the goods, infrastructure, projects and/or services and that is consistent with the Integrated Development Plan.

Confirmation of bidding process for bids in excess of R10 million (all applicable taxes included)

2.6.5.5. Internal Audit Unit must compile risk based audit plans, review internal control measures, and ensure that supply chain management, including the requirements of Circular 62, is sufficiently and adequately covered in the annual coverage plan;

2.6.5.6. Internal Auditors must be alert to fraud risks and design audit procedures and indicators that would reasonably assist in preventing and detecting potential or actual fraud and corruption;

2.6.5.7. During the competitive bidding and adjudication process or before the award of a contract, the Accounting Officer may, at his discretion, specifically request the Internal Audit function to carry out audit procedures and provide an opinion on compliance of bidding process with the Municipal Supply Chain Management Regulations;

2.6.5.8. Where bids involve the Internal Audit Service, the audit of the bidding process may be outsourced to an independent external service provider or internal audit function of another organ of the state, subject to the oversight of the Audit Committee; and

2.6.5.9. The Accounting Officer may, at his own discretion, decide to have a specific contract audited by external service providers prior to the award of the contract.

The bid documentation must require the bidders to furnish:

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

2.6.5.10.1. For the past three years; or

2.6.5.10.2. Since their establishment if established during the past three years;

2.6.5.11. A certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal service/s towards a municipality or other service provider in respect of which the payment is overdue for more than 30 days;

2.6.5.12. 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 a contract, and

2.6.5.13. 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 MLM is expected to be transferred out of the Republic.

2.7. **Payment to contractors/suppliers/consultants**

The Accounting Officer must ensure-

2.7.1. That all payments made by MLM are made direct to the person or creditor that had supplied the relevant goods or services or to whom such payment is due, unless otherwise agreed upon for good reasons in writing;

2.7.2. That payments by MLM are made either electronically or by way of non-transferable cheques, provided that cash payments are made for exceptional reasons and approved by the delegated authority;

2.7.3. That payments are made within thirty (30) days of the date of receiving an invoice;

2.7.4. That no payment for the provision of a service, the supply of goods or the execution of work shall be processed unless the original supplier tax invoice containing a reference to the relevant purchase order has been received;

2.7.5. Suppliers original tax invoices processed for payment shall be certified to represent the goods received note (GRN document) to be attached as proof that services have been rendered or work has been executed or goods delivered in an acceptable standard to the relevant department; and

2.7.6. Departments must submit the certified tax invoices and delivery notes where applicable to the Expenditure Unit on the daily basis to avoid the delay of payments. Expenditure Unit shall not be held liable for delays in payments caused by non-submission of invoices.

2.8. **Sundry Payments**

The following line items are not required to be procured through the issuing of a purchase order.

The end-user to complete and submit the Payment Request form with the original invoice to the SCMU to check for contract compliance:

Audit Fees (External)	Reference books/magazines/periodicals
Bursaries/training *submitted in accordance with the bursary policy.*	Legal expenses (Based on awarded rates)
Compensation for injuries and diseases	License fees
Congresses/Professional meetings *to be submitted in accordance with S & T Policy.*	Postage
Donations/grants by Council	Insurance claims
Telecommunications (Telkom)	All employees/councillors related costs
Bulk Services (Water & Electricity)	

All the above requests must be signed by the requester, the Executive Director and CFO/delegate and/or the Accounting Officer.

All other fixed contracts and items not on contract must follow the relevant SCM processes and systems.

No orders will be amended to include extra work not authorised through the correct processes and therefore the orders will not be cancelled to accommodate such work or payments.

2.9. Splitting of works/services

2.9.1. Good or services **<u>may not</u>** deliberately be split into parts or items of a lesser value to avoid complying with the requirements of the policy. When determining the 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.

3. General Pre-Conditions Applicable To Bids And Quotations

MLM shall not consider a bid or quote unless the bidder who submitted the bid or quote:

3.1. Has furnished MLM with that bidder's:

3.1.1. Full name;
3.1.2. Identification number or company or other registration number; and
3.1.3. Tax reference number;
3.1.4. VAT Registration number, if applicable; and
3.1.5. Certificate of attendance at a compulsory site inspection, where applicable.

3.2. Has submitted an original and valid tax clearance certificate certifying that the provider's tax matters are in order;

3.3. Has authorized the municipality to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order;

3.4. Has indicated whether:

3.4.1. The provider is in the service of the state, or has been in the service of the state in the previous twelve months;

3.4.2. If the provider is not the natural person, whether any of its directors, managers, principal shareholders or stakeholders is in the service of the state, or has been in the service of the state in the previous twelve months; or

3.4.3. Whether the spouse, child or parent of the director, manager or shareholder or stakeholder referred to in sub-paragraph 3.4.2 is in the service of the state, or has been in the service of the state in the previous twelve months.

3.5. Irrespective of the procurement process followed, MLM may not make any award above R30 000, to a person whose tax matters have not been declared by the SARS to be in order.

3.6. Before making an award, MLM must check with SARS if the person's tax matters are in order and, if SARS does not respond within seven days such person's tax matters may, for the purposes of clause 3.5, be presumed to be in order.

3.7. Irrespective of the procurement process followed, MLM is prohibited from making an award to a person:

3.7.1. Who is in the service of the state;

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

3.7.3. Who is an advisor or consultant contracted with MLM.

3.8. The Accounting Officer shall ensure that the notes to the annual financial statements of MLM disclose particulars of awards above R 2000-00 to a person who is a spouse, child or parent of a person in the service of the state in the previous twelve months, including:

3.8.1. The name of the person;

3.8.2. The capacity in which the person is in the service of the state; and

3.8.3. The amount of the award.

4. List Of Accredited Prospective Suppliers

4.1. The Accounting Officer must-

4.1.1. Keep a list of prospective providers of goods and services that must be used for the procurement requirements through written and formal written price quotations;

4.1.2. At least once per year shall, through newspapers commonly circulating locally, the website of MLM, and any other appropriate ways, invite prospective suppliers of goods and services, construction works and consultancy services to apply for listing as an accredited prospective supplier;

4.1.3. Specify the listing criteria for accredited prospective providers;

4.1.4. Disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector; and

4.1.5. The Municipal Supply Chain Management Regulation 38(1) (c) requires a supply chain management policy to provide measures for combating abuse of supply chain management system, and must enable the Accounting Officer to check the National Treasury's database of restricted suppliers prior to awarding any contract.

4.2. The supplier list must be updated at least quarterly to include any additional prospective suppliers and any new commodities or types of services.

4.3. Prospective suppliers shall however be allowed to submit applications and amendments for listing on the database at any time.

4.4. The supplier list must be compiled per commodity and per service type;

4.5. The supplier will be listed in the minimum of 3 commodities or services; and

4.6. Any supplier who has been awarded a contract must submit tax clearance certificate, rates and taxes accounts and invoices in the company's name as per the signed contract. Should any company become liquidated or members/owners become insolvent, the contract will be cancelled with that company and a new tender process will be followed.

4.7. The listing criteria for accredited prospective providers are:

4.7.1. Name of the entity/individual;

4.7.2. Physical and postal address;

4.7.3. Entity type, for example public company, private company, close corporation, partnership, or sole trader;

4.7.4. Appropriate registration numbers e.g. Close Corporation, Company registration numbers;

4.7.5. Contact details, i.e. telephone number, cell phone number, facsimile number and e-mail if applicable;

4.7.6. Name(s) of director(s), member(s), partner(s) and owner(s)/principal(s) of the entity;

4.7.7. Annual turnover of the entity/individual;

4.7.8. BEE/BBBEE profile of the entity;

4.7.9. Proof of the entity's tax affairs and municipal utilities account being in order (compulsory);NB-May not be outstanding for more than 90 days as legislated

4.7.10. List of products/services offered, linked to requirement categories and regions/ areas applicable as determined by MLM;

4.7.11. The entity's indication of its capacity and capability;

4.7.12. Specific expertise vested in the entity/individual, linked to requirement categories and regions/ areas applicable as determined by MLM;

4.7.13. A list of relevant previous/current projects with at least 2 contactable references;

4.7.14. Bank details (physical, postal and electronic banking address), including a bank stamp or cancelled cheque;

4.7.15. VAT Registration yes/no;

4.7.16. VAT Registration Number;

4.7.17. Valid Tax Clearance Certificate;

4.7.18. CIDB Registration, if applicable;

4.7.19. BEE Certificate; and

4.7.20. Valid Certification in the case of Exempted Micro Enterprises.

4.8. The Accounting Officer shall disallow the listing of any prospective provider whose name appears on the National Treasury's Database of Restricted Suppliers.

4.9. For Formal Written Quotations (Up to the value of R 200, 000 VAT included), bidders are required to be registered on the MLM's Supplier Database for a specific commodity/service being requested prior to the award of the bid.

4.10. Where bids exceed R 200, 000 (VAT included), bidders who are not registered on the MLM's Supplier Database are not precluded from submitting bids, but must however be registered prior to the evaluation of tenders in order for their tenders to be responsive.

4.11. All parties to a Joint Venture must comply with the requirements of sub-paragraph 7.8 and 7.9 above.

4.12. **Evaluation and approval**

4.12.1. The listing criteria for accredited prospective providers must be specified in the application document.

4.12.2. The listing criteria must be determined based on the categories chosen for the list, but may be the following:

4.12.2.1. Sufficient expertise vested in the entity/individual linked to requirement of categories of MLM;

4.12.2.2. At least two contactable references of previous/current projects proving the capability of the entity/individual; and

4.12.2.3. Proof of sufficient capacity per category.

4.12.3. The provider's compliance with the essential requirements will be evaluated to determine whether the entity will be placed on the provider's list.

4.12.4. All information pertaining to the provider must be treated as confidential and maintained as such.

4.12.5. After the closing date of registration, the list is compiled, the SCMU does a pre-qualification check, and the CFO will consider and approve the recommended list.

4.13. **Utilisation procedure**

4.13.1. Once the list has been established per commodity, quotations (R 2000-01 – R 30 000- 00, VAT included) and Formal Written Quotations (R 30 000-01 – R 200 000-00 VAT included), should be invited from there as per the process established for different thresholds.

4.13.2. Successful applicants are numbered and depending on the number of providers listed per category and regions/areas, quotations should be invited from all listed providers per commodity/service.

4.13.3. The invitation per commodity should be done on a rotation basis in the event that there are too many names on the list of prospective providers per commodity; the request will be send to at least six (6) providers to quote each time.

4.13.4. **No provider who provided a quote after being requested to do so may be approached to quote for a second time before all providers for a specific commodity had the opportunity to quote.**

4.13.5. The MLM shall manage and utilize its prospective providers efficiently and effectively.

4.13.6. Records (manual or electronic) must be kept to record full particulars of price quotations obtained from the list.

4.14. **Removal from the prospective list**

4.14.1. A provider will be removed from the provider list upon approval by the CFO, under the following circumstances:

4.14.1.1. The entity ceases to exist (De-registration Final Status with CIPC);

4.14.1.2. Company's business status is 'liquidated';

4.14.1.3. Continual proven non-delivery (two or more times) or unable to meet minimum specifications continuously;

4.14.1.4. Proven fraud/and or corruption;

4.14.1.5. On provider's request; and

4.14.1.6. By mutual agreement.

4.14.2. Where required, the relevant legal expertise will assist in ensuring that the correct processes are followed to deal with providers fairly.

5. Petty Cash Purchases (R0-01 To R 1000-00)

5.1. The Accounting Officer hereby delegates the responsibility of issuing petty cash to different departments to the CFO.

5.2. Petty cash requests not exceeding R 1000-00 VAT included, per transaction may be issued by the approved officials.

5.3. Where there is a need to purchase any goods or services using a petty cash system, which involves a transaction value up to R1000 (VAT inclusive), the MLM's Petty Cash Policy and Procedures shall be adhered to.

5.4. The delegated official responsible for petty cash must compile monthly reconciliation report for the CFO, which must include the total amount of petty cash purchases for that month and receipts and appropriate documents for each purchase.

5.5. The practice of breaking out (parcelling) purchases in order to circumvent the formal written price quotation and written price quotation processes is not permissible.

5.6. Petty cash purchases are restricted to emergency cases where the necessity is required within one (1) day to a maximum of R 1000-00 VAT included that could have not been foreseen.

5.7. Petty cash purchases are restricted to where it impractical, impossible or not cost effective to follow the normal SCM processes.

5.8. The following items do not qualify as emergency:

5.8.1. Stationery

5.8.2. Items on fixed contracts; and

5.8.3. Catering excluding situations where afterhours or unforeseen meetings occurs.

5.9. Managers should ensure that the policy on petty cash is adhered to at all times. Refer to the Petty Cash Policy.

6. Written Price Quotations (R2000-01 To R 30 000)

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

6.1. Quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the MLM;

6.2. Quotations may also be obtained from providers who are not listed, provided that such providers meet the listing criteria in the supply chain management policy;

6.3. If it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the CFO; and

6.4. The SCMU must record the names of the potential providers requested to provide such quotations with their quoted prices; and

6.5. A designated official referred to in subparagraph 7.3 must within three days of the end of the month report to the CFO on any approvals given during that month by that official in terms of that subparagraph.

7. Procedures For Procuring Goods Or Services Through Written Quotations And Formal Written Price Quotations (R30 000-01 To R200 000-00).

The procedure for the procurement of goods or services through written quotations and formal written is as follows:

7.1. When MLM intends to enter into any contract which is for the supply of any goods or services, or the execution of any construction work which involves or which is likely to involve a transaction value over R30 000 and up to R200 000 (VAT included), the minimum of three written quotations shall be obtained from providers who are suitably qualified and experienced, having the necessary resources and who are registered and verified on the

MLM's supplier database. On-going competition amongst providers shall be promoted, including by inviting providers to submit quotations on rotational basis;

7.2. No provider who provided a quote after being requested to do so may be approached to quote for a second time before all providers for a specific commodity had the opportunity to quote;

7.3. All requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must be advertised for at least seven days on MLM's official website and notice board;

7.4. Notwithstanding paragraph 7.1 above, if the quotations have been invited on the MLM's website, no additional quotes need to be obtained should the number of responses be less than three;

7.5. If it is not possible to obtain at least three written quotations, the reasons must be recorded and approved by the CFO who must, within three days of the end of the month, report to the Chief Financial Officer on any approvals given during that month in this regard;

7.6. The names of the potential providers requested to provide quotations and their written quotations must be recorded;

7.7. The practice of breaking out (parcelling) purchases in order to circumvent the formal written price quotation process is not permissible;

7.8. All orders in respect of written price quotations shall be approved and released by the Accounting Officer, or his delegated authority;

7.9. The Accounting Officer or CFO must on monthly basis be notified in writing of all written and formal written price quotations accepted by an official acting in terms of a sub regulation;

7.10. Acceptable offers, which are subject to the preference point system, must be awarded to the bidder who scores the highest points, unless objective criteria justify the award to another bidder; and

7.11. Records of approved specifications, minutes of the evaluation committees and approval memos must be kept on file for audit purposes.

8. Competitive Bids (Above R200 000-01)

8.1. Goods or services, construction works, or consultancy services above a transaction value of R 200 000-01 (VAT included) and for any contract exceeding one year in duration, may only

be procured through a competitive bidding process, subject to PART 2, paragraph 1.2 of this policy;

8.2. No requirement of goods or services, construction works or consultancy services above an estimated transaction value of R200 000-01 (VAT included) may deliberately be split into parts or items of lesser value merely to avoid complying with the requirements relating to competitive bids;

8.3. When determining transaction values, a requirement for goods or services, construction works or consultancy services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction; and

8.4. The prescripts of PPPFA must be adhered to.

9. Process For Competitive Bidding

9.1. The procedures for a competitive bidding process are established in this policy for each of the following stages:

9.1.1. The compilation of bidding documentation;
9.1.2. The public invitation of bids;
9.1.3. Site meetings or briefing sessions, if applicable;
9.1.4. The handling of bids submitted in response to public invitation;
9.1.5. The evaluation of bids;
9.1.6. The award of contracts;
9.1.7. The administration of contracts; and
9.1.8. Proper record keeping.

10. Compilation Of Bid Documentation

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

10.1. Take into account-

10.1.1. The general conditions of contract and any special conditions of contract;
10.1.2. Any Treasury guidelines on bid documentation; and

10.1.3. The requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure.

10.2. Include evaluation and adjudication criteria, including any criteria required by other applicable legislation;

10.3. Compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;

10.4. If the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish-

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

10.4.1.1. For the past three years; or

10.4.1.2. Since their establishment if established during the past three years.

10.4.2. 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;

10.4.3. 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;

10.4.4. 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 the payment from the municipality is expected to be transferred out of the Republic; and

10.4.5. 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.

10.5. Contracts relating to information technology are prepared in accordance with the State Information Technology Act, 1998 (Act No. 98 of 1998); and

10.6. Specifications or terms of reference, need to include the following, where applicable:

10.6.1. Description of the requirement;

10.6.2. Background;

10.6.3. Objectives of the project, where applicable;

10.6.4. Quantity/volume required, where applicable;

10.6.5. Plans and drawings, where applicable;

10.6.6. Plans and drawings that reflect the text of the specifications. (please note that the order of precedence between the drawings and the specifications should specified), where applicable;

10.6.7. Minimum performance requirements;

10.6.8. Expected outcomes/deliverables linked to the cost;

10.6.9. Evaluation criteria including points for functionality, price and BEE, where applicable;

10.6.10. The particulars pertaining to the goal to be met, where applicable;

10.6.11. The delivery date(s), place(s) of delivery and/or the contract period applicable. In the case of term contracts, a period of time for the completion of the contract must always be prescribed in the relevant bid documents;

10.6.12. This period of time must also be precisely stated, e.g. “contract period: 24 months”. Statements such as “within x months” or “before x months” must not be used;

10.6.13. Schedule for service delivery or completion date;

10.6.14. Whether installation/erection is required and if affirmative, an indication of the place/physical address where the installation/erection is to take place;

10.6.15. Whether demonstration/training is required and if affirmative, an indication of the place/physical address where demonstration/training is to take place;

10.6.16. Whether a performance guarantee is required. Full particulars, amount and reasons must be given.

10.6.17. Performance guarantees should be commensurate with the degree of contractual risk to which the MLM is exposed and are normally applicable to large and complex contracts. Performance guarantees should spread the cost of the risk of failure between the contracting parties and should be set at such level that all MLM’s costs relating to such failure are likely to be recovered.

10.6.18. The warrantee requirement and period applicable;

10.6.19. Whether samples must be submitted;

10.6.20. Where samples are to be submitted, the special conditions should state that samples must be submitted not later than the closing time or the date and time specified in the bidding documents.

10.6.21. Budget;

10.6.22. Competency and expertise requirements;

10.6.23.Roles assigned to role players, where applicable;

10.6.24.Reporting requirements, where applicable; and

10.6.25.Any other information.

11. Public Invitation For Competitive Bids

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

11.1. Regulation (9)1 prescribes that, in the case of designated sectors, where in the award of bids local production and content is of critical importance, such bids must be advertised with specific bidding condition that only locally produced goods, services or works or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered.

11.2. Bids must be invited by SCMU only after approval for the accuracy of information therein has been obtained from the relevant Director and the Bid Specification Committee;

11.3. Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of MLM or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin);

11.4. The information contained in a public advertisement, must include-

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

11.4.2. Such particulars of the contract as the MLM deems fit;

11.4.3. The date, time and location of any site inspection/briefing session, if applicable;

11.4.4. The place where the bid documentation is available for collection and the times between which bid documentation may be collected;

11.4.5. A statement that bids may only be submitted on the bid documentation provided by MLM and be completed in hand writing. Bids documents may not be re-typed and no bids with correction fluid will be accepted. Any corrections are to be crossed out and initialled. Non initialled corrections will render the bid invalid;

11.4.6. The deposit payable, if any;

11.4.7. The place where bids must be submitted;

11.4.8. The closing date and time for submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph 12.5 below; and

11.4.9. The required CIDB contractor grading for construction work.

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

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

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

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

11.9. Availability of documents:

11.9.1. Bid documents must be ready and available before the requirement is advertised; and

11.9.2. Bid documents may be collected or emailed or posted to bidders.

11.10. Validity period:

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

11.10.2. The validity period should allow the MLM sufficient time to finalize the evaluation and award of the quotation/bid;

11.10.3. Bids must be valid for at least 90 days from the closing date of the bid. A longer period may be set if there are problems with the evaluation but preferably not longer than 120 days; and

11.10.4. An extension of bid validity, if justified in exceptional circumstances, must be requested in writing from all bidders before expiry date. The extension should be for minimum period required to complete the evaluation, obtain the necessary approvals and award the contract.

11.11. Site inspection/briefing sessions:

11.11.1. In general, site inspections/briefing sessions, where applicable will not be compulsory. In exceptional circumstances however, a site inspection/briefing session may be made compulsory with the approval of the Director: Supply Chain Management, provided that the minimum bid period is extended by at least 7 (seven) days;

11.11.2. A register of all participants present at the site inspection/briefing session should be compiled indicating the following;

11.11.2.1. The name of the participant;

11.11.2.2. The relevant institution the participant represent; and

11.11.2.3. Contact details including the email address.

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

11.11.4. Where site inspections/briefing sessions are made compulsory, the date of the site inspection/briefing session shall be at least 7 (seven) days after the bid has been advertised;

11.11.5. If at a site meeting/briefing session meeting, any additional information, clarification, correction of errors, or modifications of bid documents should be send to each recipient of the original bid documents in sufficient time before the closing date and time for receipt of bids to enable bidders to take appropriate action; and

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

11.12. Cancellation and re-invitation of bids

11.12.1. Application of 80/20 Preference Point System:

11.12.1.1. In the event that, in the application of the 80/20 preference point system as stipulated in the tender documents, all tenders received exceed the estimated Rand value of R 50 000 000, the tender invitation must cancelled.

11.12.1.2. If one or more of the acceptable tenders received are within the prescribed threshold of R 50 000 000, all tenders received must be evaluated on the 80/20 preference point system.

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

11.12.2. Application of 90/10 Preference Point System:

11.12.2.1. In the event that, in the application of the 90/10 preference point system as stipulated in the tender documents, all tenders received are equal to, or below R 50 000 000, the tender invitation must cancelled.

11.12.2.2. If one or more of the acceptable tenders received are above the prescribed threshold of R 50 000 000, all tenders received must be evaluated on the 90/10 preference point system.

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

11.12.3. MLM must re-invite tenders and must, in the tender documents, stipulate the correct preference point system to be applied.

11.12.4. MLM may, prior to the award of a tender, cancel a tender if:

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

11.12.4.2. Funds are no longer available to cover the total envisaged expenditure; or

11.12.4.3. No acceptable tenders are received.

11.12.5. The decision to cancel a tender must be published in the Government Tender Bulletin or the media in which the original tender invitation was advertised.

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

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

11.12.8. It is not necessary to notify original bidders when calling for new bids, which will be advertised.

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

11.13. 80/20 preference points system for tenders for income-generating contracts with Rand value equal to or below R50 million

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

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

Where-

Ps = Points scored for price of tender under consideration;
Pt = Price of tender under consideration; and
Pmax = Price of highest acceptable tender.

(2) A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender.
(3) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
(4) Subject to section 2(1)*(f)* of the Act, the contract must be awarded to the tenderer scoring the highest points

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

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

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

Where-

Ps = Points scored for price of tender under consideration;
Pt = Price of tender under consideration; and
Pmax = Price of highest acceptable tender.

(2) A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender.
(3) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
(4) Subject to section 2(1)*(f)* of the Act, the contract must be awarded to the tenderer scoring the highest points.

12. Procedure For Handling, Recording And Opening Of Bids

12.1. A bid box shall be situated at MLM main building, First Floor, 64 JJ Hadebe street, Frankfort, 9830 and shall be accessible during business hours (7:30am to 15:30pm), 5 days a week;

12.2. A bid box shall always be locked, unless bids are collected in order to prevent unauthorized removal of bids;

12.3. At the precise closing time of the bid, the bid box is locked to prevent late submission of bids into the box where after all bids in the box are removed for processing;

12.4. Bid-

12.4.1. Must be opened by at least two delegated officials on the date and precise time of closing as specified; and

12.4.2. Make the register available for public inspection, but bids are not to be made available for perusal.

12.5. Any bidder or member of public has the right to request that the names of the bidders who submitted bids in time must be read out; and

12.5.1. The SCM Official must-

12.5.1.1. Record in a register all bids received in time;

12.5.1.2. Make the register available for public inspection but bids are not to be made available for perusal; and

12.5.1.3. Publish the entries in the register on the MLM website.

12.5.2. The register must include the following:

12.5.2.1. Bid description and number;

12.5.2.2. Closing date;

12.5.2.3. Whether the bid was received in time or late;

12.5.2.4. Name of the bidder; and

12.5.2.5. Signature of the two officials who opened the tender box.

12.5.3. A lockable facility for the storing of bids must be available;

12.5.4. Received bids must be kept sealed until opened in public and recorded in the register;

12.5.5. Bids must be marked by a stamp on each page of the submitted proposal;

12.5.6. Opening of bids where a two envelope system (consisting of a technical proposal and a financial proposal) is followed:

12.5.6.1. Only the technical proposal will be opened at the bid opening;

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

12.5.6.3. When required the financial offers/bids corresponding to responsive technical proposals, shall be opened by the opening officials in accordance with paragraph 13.4 above;

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

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

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

12.6. Late Bids

12.6.1. Bids received late will not be considered;

12.6.2. Bids are late if they are received at the address indicated in the bid documents after closure time;

12.6.3. Bids received late should be recorded as such in the register;

12.6.4. Late bids should not be admitted for consideration and where practical should be returned unopened to the bidder accompanied by an explanation; and

12.6.5. The CFO should re-advertise the bid if no bid or suitable bid was received by closure time.

12.7. Signing Of Bids

12.7.1. The invitation to bid, declarations and other bid documentation or photocopies thereof must be completed and signed in ink;

12.7.2. Bids not accompanied by any bid invitation, or where prescribed bid documentation is not signed, or not signed in ink, but otherwise complies with all the bid requirements and is recommended in terms of the delegated powers, may be considered and finalised by BAC; and

12.7.3. If such an unsigned bid is declared to be valid, the bidder must sign it in ink, before the parties sign the contract form.

12.8. Invalid Bids

12.8.1. Bids shall be invalid, and shall be endorsed and recorded as such in the bid opening record by the responsible official appointed by the CFO to open the bid, in the following instances:

12.8.1.1. If the bid is not sealed;

12.8.1.2. The bid, including the bid price/tendered amount, where applicable is not submitted on the official Form of Bid/Offer;

12.8.1.3. If the bid is not completed in non-erasable ink;

12.8.1.4. If the Form of Bid/Offer has not been signed;

12.8.1.5. If the Form of Bid/Offer is signed, but the name of the bidder is not stated, or is indecipherable; or

12.8.1.6. If in a two envelope system, the bidder fails to submit both a technical proposal and a separate sealed financial offer/bid.

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

12.9. Tax Clearance Certificate

12.9.1. The MLM shall reject any bid from a supplier who fails to provide written proof from SARS that the supplier either has no outstanding tax obligations or has made arrangements to meet outstanding tax obligations;

12.9.2. As proof that there are no outstanding tax obligations, a valid and original tax clearance certificate must be submitted;

12.9.3. No contracts may be awarded to bidders who fail to submit the original tax clearance certificate within the relevant period;

12.9.4. Should all bidders fail to attach a valid and original tax clearance certificate, then the bid must be cancelled and re-advertised; and

12.9.5. Bidders should authorise the MLM to obtain tax clearance from SARS that their tax matters are in order.

13. Negotiation With Preferred Bidders

13.1. Without the prior approval of the Bid Adjudication Committee, no negotiations may be conducted with providers regarding any aspect, which might in any way affect the prices i.e. that might change the order in which bids will be ranked;

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

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

13.2.2. Is not to the detriment of any other bidder; and

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

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

14. Two Stage (Prequalification) Bidding Process

A two stage bidding process is allowed for:

14.1. Large complex projects;

14.2. Projects which may be undesirable/impractical to prepare complete detailed technical specifications; or

14.3. Long term projects with a duration period exceeding three years.

14.4. 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; and

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

15. Two Envelope System

15.1. Procuring specialized services (e.g. consultants, attorneys etc.) that require accredited training and a reasonable amount of experience in the local government field relating to the demand; and

15.2. Procuring specialized works/goods (e.g. water, sewer or electrical networks).

15.3. Bidders are required to submit two enveloped:

15.3.1. First envelope contains the technical methodology to determine whether the bidder understands the scope of works as set out in accordance with the criteria stipulated in the bid documents and that they have the required capacity, experience and resources to successfully complete the project; and

15.3.2. The second envelope will contain the fully completed and signed bidding documents containing the price, returnable documents and PPPFA requirements.

16. Committee System For Competitive Bids

16.1. A committee system for competitive bids is hereby established, consisting of the following committees for all procurement or cluster of procurements as the Accounting Officer may prescribe:

16.1.1. A bid specification committee;

16.1.2. A bid evaluation committee; and

16.1.3. A bid adjudication committee.

16.2. The Accounting Officer has been delegated the authority to appoint different members for each committee relevant to the expertise/knowledge required, taking into account section 117 of the Act which excludes Councillors from serving on any SCM committee;

16.3. A neutral or independent observer appointed by the Accounting Officer, may attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency; and

16.4. The Accounting Officer may apply the committee system to formal written price quotations.

17. Bid Specification Committee

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

17.2. Specifications-

17.2.1. Must be drafted In an unbiased manner to allow all potential prospective providers to offer their goods and services;

17.2.2. Must take into account any accepted standards such as those issued by South African Bureau of Standards, the International Standards Organization, or an authority accredited or recognized by the South African National Accreditation System with which the equipment or material or workmanship should comply;

17.2.3. Must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;

17.2.4. May not create any trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;

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

17.2.6. Must indicate the BEE level points that may be awarded in terms of the grading system as set out in the Preferential Procurement Regulations 2022; and

17.2.7. Must be approved by the Accounting Officer prior to publication of the invitation of bids.

17.3. Composition Of The Bid Specification Committee

17.3.1. A bid specification committee should be cross-functional and must be composed of a minimum of three officials of the municipality including the manager/delegate responsible for the function involved, SCM practitioner, officials from other departments with MLM who may have a valid input/experience relating to the specifications or end result and may when appropriate, include internal/external specialist advisors upon approval by the Accounting Officer. Officials from T.I.E. cluster must form part of the specifications committee where construction works are involved on formal written quotations and competitive bidding process.

17.3.2. The BSC shall be composed of 4 members made up as follows:

17.3.2.1. SCM Practitioner: Demand and Acquisition Management;
17.3.2.2. Technical Manager: Organizational Performance; and
17.3.2.3. Officer: End-user Department
17.3.2.4. Manager: Budget and Reporting

17.3.3. The quorum of the BSC shall be all the three members.
17.3.4. 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.
17.3.5. Where appropriate a representative of Internal Audit and/or Legal Services and/or external specialist advisor may form part of this committee.
17.3.6. In the development of bid specifications, innovative mechanisms should be explored to render the service to product in a more resource and energy efficient manner.
17.3.7. Bid Specification Committee meetings must be conducted in accordance with the applicable Rules of Order Regulating the Conduct of Meetings.

18. Bid Evaluation Committee

18.1. A bid evaluation committee must evaluate bids in accordance with-

18.1.1. Commercial evaluation for compliance in terms of original and valid tax clearance certificate, check in respect of recommended bidder whether their municipal rates and

taxes and municipal service charges are not in arrears, documents completed and signed in full;

18.1.2. Compliance to the specifications; and

18.1.3. Pricing and PPPFA compliance.

18.2. Each evaluator should check whether the information received from the SCM Unit is correct and ascertain himself of all the information and facts contained in each bid document, which includes the preference score sheet;

18.3. Bid evaluation committee members should discuss the strengths, weaknesses and peculiarities of each bid. Commence the discussions from the highest to the lowest point scorer;

18.4. All discussions of each bid as well as the recommendation/s must be recorded in a recommendation report that must be signed off by all members of the Bid Evaluation Committee;

18.5. Bids are to be evaluated against the predetermined criteria in the bid document. The criteria to be taken into account, are inter alia:

18.5.1. Compliance with the specifications/TORs and conditions of the bid;

18.5.2. Preferential procurement;

18.5.3. Price;

18.5.4. Functionality;

18.5.5. BEE status level of contributor; and

18.5.6. Capability/ability of the bidder.

18.6. The final recommendation report must be submitted to the Bid Adjudication Committee for consideration.

18.7. Bidders shall not be allowed to amend their offers in any material manner but may be requested to clarify any ambiguities and/or information that are unclear or illegible.

18.8. The Bid Evaluation Committee must as far as possible be composed of-

18.8.1. The officials who compiled and approved specifications of the bid under consideration as well as the end-user requiring the goods or services; and

18.8.2. At least one SCM Practitioner of the municipality.

18.9. The BEC shall be composed of:

18.9.1. Practitioner: Supply Chain Management;
18.9.2. Manager: Financial Management and Budgets;
18.9.3. PMU Manager or delegated official; and
18.9.4. Bid Specification Committee: Chairperson (Observer).

18.10. The quorum of the Bid Evaluation Committee shall be all three members.

18.11. The Bid Evaluation Committee shall, having considered the Responsible Department's technical evaluation report, submit a report, including recommendations regarding the award of the bid or any other related matter, to the Bid Adjudication Committee for award.

18.12. Preferential Procurement Point System

18.12.1. The 80/20 preference formula must be used to calculate the points for price in respect of acquisition of goods, services or works to a rand value of R50 million;
18.12.2. The 90/10 preference formula must be used to calculate the points for price in respect of acquisition of goods, services or works with the rand value above R50 million; and
18.12.3. A maximum of 20 or 10 points must be allocated to B-BBEE Status Level of contribution.

18.13. Evaluation Less Than R 30 000

18.13.1. Less than R30 000 (VAT included), an evaluation is performed by the SCM Unit taking the following principles into account:

18.13.1.1. Compliance with conditions/specifications/TORs;
18.13.1.2. Price; and
18.13.1.3. BEE.

18.14. Evaluation Of Bids From R30 000 To R200 000 (Vat Included)

18.14.1. The HOD should check whether the information received from the SCM Unit is correct and ascertain the correctness of all the information and facts contained in each bidding document, which includes the preference points score sheet;

18.14.2. The SCMU must evaluate the strengths, weaknesses and peculiarities of each offer from the highest to the lowest point score;

18.14.3. All comments on each quotation as well as the recommendation must be recorded in a recommendation report that must be signed off by the delegated authority;

18.14.4. Quotations are to be evaluated against predetermined criteria in the quotation document. The criteria to be taken into account, are inter-alia:

18.14.4.1. Compliance with conditions/specifications/TORs;

18.14.4.2. Preferential Procurement;

18.14.4.3. Price; and

18.14.4.4. Functionality (Capability/ability of the bidder to execute the contract).

18.14.5. Where the evaluation authority consists of more than one evaluator as may be determined by the Accounting Officer, please note that evaluations are not based on consensus decisions. Each evaluator scores each quotation individually according to the predetermined criteria and weightings as reflected in the original quotation documents. Calculated average points for service providers are used for evaluation purposes;

18.14.6. The final recommendation report must be submitted to the relevant officer for consideration as per delegation; and

18.14.7. Providers shall not be allowed to amend their offers in any material manner but may be requested to clarify any ambiguities and/or information that are unclear or illegible.

18.15. Evaluation Of Bids Based On Stipulated Minimum Threshold For Local Production And Content

18.15.1. The Preferential Procurement Regulations, 2022 , which came into effect on 16 January 2023 and all amendments that came after, make provision for the DTI to designate sectors in line with national development and industrial policies for local production.

18.15.2.To this end, the DTI has designated and determined the stipulated minimum threshold for the following sectors, for local production and content:

Sector	**Category**	**Stipulated minimum threshold**
Textiles, Clothing, Leather and Footwear;		100%
Furniture Products	Office Furniture	85%
	School Furniture	100%
	Base and mattress	90%
Set top boxes		30%
Steel power pylons and substation structures		100%
Rail rolling stock	Diesel locomotives	55%
	Electric locomotives	60%
	Electric Multiple Units (EMU)	65%
	Wagon	80%
Canned or processed vegetables		80%
Bus	4X2 Commuter Bus, 36 seater and more, 8500 kg GVM or more.	80%
	6X2 Commuter Bus, 56 seater and more, 18000 kg GVM or more.	80%
	4X2 City Bus, 21 seater or more, 8500 kg GVM or more.	70%
	6X2 City Bus, 50 seater or more, 18000 kg GVM or more.	70%
	6X2 Semi-luxury coach, 50 seater or more, 18000 kg GVM or more, DVD player, parcel racks, luggage lockers, salon heater, tinted windows	80%

	and curtains, cloth seats.	
General clause: Any other bus/bus body whether it be commuter, city or semi luxury coach not fitting a specific descriptions, whether of a monocoque structure or not,		80%

18.15.3. A two stage evaluation process should be followed on the above sectors:

First Stage: Evaluation in terms of the stipulated minimum threshold for local production and content:

18.15.3.1. Bids must be evaluated in terms of the minimum threshold stipulated in the bid documents.

18.15.3.2. Declaration made by the bidder in the Declaration Certificate for local content (MBD 6.2) and Annex C (Local Content Declaration: Summary Schedule) must be used for this purpose. If the bid is for more than one product, the local content percentages for each contained in Declaration C must be used.

18.15.3.3. The amendment of the stipulated minimum threshold for local production is not allowed.

18.15.3.4. Accounting Officer must ensure that the Declaration Certificate for Local Content (MBD 6) and the Annex C (Local Content Declaration: Summary Schedule is submitted as part of the bid document.

18.15.3.5. The DTI has the right, as and when necessary to request for auditors certificate confirming the authenticity of the declarations made in respect of the local content.

18.15.3.6. Accounting Officer must verify the accuracy of the rates exchange quoted by the bidder in paragraph 4.1 of the Declaration Certificate for Local Content (MBD 6.2).

Second Stage: Evaluation in terms of the 80/20 or 90/10 preference point system

18.15.3.7. Only bids that achieve the minimum stipulated threshold for local production and content may be evaluated further. The evaluation must be done in

accordance with the 80/20 or 90/10 preference point system prescribed in Preferential Procurement Regulations, 2022.

18.15.3.8. AO must ensure that contracts are awarded at prices that are market related taking into account, among others, benchmark prices, value for money and economies of scale.

18.15.3.9. Where appropriate, prices may be negotiated with short-listed or preferred bidders. Such negotiations must not prejudice any other bidders.

Evaluation of bids based on functionality

18.15.3.10. Whenever it is deemed necessary to evaluate bids on functionality, the prescripts contained in regulation 4, 6 and 7 of the Preferential Procurement Regulations, 2022 must be followed.

Post award and reporting requirements

18.15.3.11. Once bids are awarded, the DTI must be:

18.15.3.11.1. Notified of all the successful bidders and the value of the contracts;

18.15.3.11.2. Provided with copies of the contracts, the MBD 6.2 Certificate together with the Declaration C submitted by the successful bidders.

19. Bid Adjudication Committee

19.1. Bid Adjudication must carry out the adjudication and award of bids unless the recommendation is referred back for justifiable reasons.

19.2. The Bid Adjudication Committee shall comprise at least four Directors, and shall include:

19.2.1. The Chief Financial Officer;

19.2.2. Director: Corporate Services;

19.2.3. Director: Community Services

19.2.4. Supply chain manager of the MLM; and

19.2.5. Technical Director, or technical expert in the relevant field who is an official of the MLM, if the MLM has such an expert.

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

19.4. Neither a member of a Bid Specification Committee, Bid Evaluation Committee, nor an advisor or person assisting such committees, may be a member of a Bid Adjudication Committee.

19.5. The quorum of the meeting shall be at least 4 members.

19.6. Adjudication and Award

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

19.6.2. In the event that the BEC and BAC don't agree on the certain aspect of the bid, the matter will be referred to the Accounting Officer for consideration;

19.6.3. The Accounting Officer shall after consideration, refer the matter back to either committee for consideration;

19.6.4. The Bid Adjudication Committee may make an award to a preferred bidder, subject to the Accounting Officer negotiating with the preferred bidder in terms of this Policy.

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

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

20. Notifying Successful/ Unsuccessful Bidders

20.1. Informing The Successful Bidders

20.1.1. The successful bidder must be notified in writing of the award by fax or email through a letter of appointment signed by the relevant delegated authority. This must be done within the original validity period of the bid.

20.1.2. The above process will allow the SCM to follow up the letter with the appropriate contact person.

20.1.3. The information of other bidders will not be disclosed to the bidder.

20.2. Informing The Unsuccessful Bidders

20.2.1. Once the successful bidder has been advised of the award and he has accepted the award, the SCM Unit must inform unsuccessful bidders in writing that their bids were unsuccessful. At this stage no detail on why bids were unsuccessful, has to be provided.

20.2.2. Each bidder, on request, is entitled to feedback concerning its own bid.

20.2.3. When unsuccessful bidder requests reasons why the bid was unsuccessful, the bidder must be requested to forward the request in writing to the Accounting Officer. Once the written request has been received, the reasons why the bid was unsuccessful must be provided in writing. It is therefore imperative that proper reasons be recorded in the evaluation and recommendation report so that it may be used to provide the bidder with justifiable reasons.

20.2.4. Should the bidder not be satisfied with the explanation given after consultation with MLM, the bidder may refer the matter to National Treasury, the Public Protector or a court of law.

21. Publication Of Names Of Bidders In Respect Of Advertised Competitive Bids, Above Threshold Value Of R200 000 (All Applicable Taxes Included)

21.1. Once bids have been closed, the following information must be published on MLM's website:

21.1.1. The reference number of the bid;

21.1.2. Contract description of the goods, services or infrastructure project;

21.1.3. Names of all bidders and their BBBEE status level of contribution;

21.1.4. Where applicable, the local content percentages of the goods offered and where practical total price of the bids, by all bidders that submitted bids in relation to that particular advertisement; and

21.1.5. The aforementioned information should be published within ten (10) working days after closure of the bid and should remain on the website of MLM for at least thirty (30) days.

21.2. Once bids have been awarded, the following information must be published on MLM's website:

21.2.1. Contract numbers and description of goods, services or infrastructure projects;

21.2.2. Names of successful bidder (s) and the B-BBEE level of contribution claimed;

21.2.3. The contract price(s), and

21.2.4. Brand names and dates for completion of contracts.

21.3. Records of such information must be retained for audit purposes

22. Acquisition Of Goods Or Services From Other Organs Of State Or Public Entities

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

23. Acquisition Of Goods And Services Under Contracts Secured By Other Organs Of State.

23.1. The Accounting Officer may procure goods or services under a contract secured by another organ of state, but only if:

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

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

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

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

24. Acquisition Of Banking Services

24.1. Subject to section 33 of the Act, any contract for the provision of banking services:

24.1.1. Shall be procured through a competitive bidding process;

24.1.2. Shall be consistent with section 7 or 85 of the Act; and

24.1.3. May not be for a period longer than five (5) years at a time.

24.2. The process for procuring a contract for banking services must commence at least nine (9) months before the end of an existing contract.

24.3. The closing date for the submission of bids for banking services may not be less than sixty (60) days from the date on which the advertisement is placed in a newspaper commonly circulating locally.

24.4. Bids shall be restricted to Banks registered in terms of the Banks Act, 94 of 1990.

25. Acquisition Of ICT Related Goods Or Services.

25.1. If the transaction value of ICT related goods or services exceeds R50 million in any financial year, or if the transaction value of a single contract (whether for one or more years) exceeds R50 million, the Accounting Officer must notify the SITA together with the motivation of the ICT needs of MLM.

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

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

26. Acquisition Of Goods Necessitating Special Safety Arrangements.

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

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

27. Proudly South African Campaign

27.1. The MLM supports the Proudly South African Campaign and all things being equal, preference is given to procuring local goods and services from:

27.1.1. Firstly – suppliers and businesses within the District;

27.1.2. Secondly – suppliers and businesses within the relevant province; and

27.1.3. Thirdly – suppliers and businesses within the Republic.

28. Appointment Of Consultants

28.1. The AO may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurement is made.

28.2. Consultancy services must be procured through competitive bidding process if:

28.2.1. The value of the contract exceeds R200 000 (VAT included); or

28.2.2. The duration of the contract exceeds one year.

28.3. In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of-

28.3.1. All consultancy services provided to an organ of state in the last five years; and

28.3.2. Any similar consultancy service provider to an organ of the state in the last five years.

28.4. The Accounting Officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.

29. Public-Private-Partnerships

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

30. Publications In Newspapers

30.1. In respect of any contract relating to the publication of official and legal notices and advertisements in the press by or on behalf of MLM, there is no requirement for competitive bidding process to be followed.

31. Alternative Bids

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

31.2. An alternative bid shall be submitted on a separate complete set of bid documents and shall be clearly marked “Alternative Bid” to distinguish it from the unqualified bid referred to above; and

31.3. Bid documents shall state that the MLM will not be bound to consider alternative bids.

32. Unsolicited Bids

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

32.2. The MLM may only consider an unsolicited bid if the following have been complied with:

32.2.1. The product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;

32.2.2. The product or service offered will be exceptionally beneficial to, or have exceptional cost advantages for MLM;

32.2.3. The person or entity that made the bid is the sole provider of the product or service; and

32.2.4. The reasons for not going through the normal bidding processes are found to be sound by the Accounting Officer. In this regard a report must be submitted to the Accounting Officer seeking approval to take the unsolicited bid process further.

32.3. If the Accounting Officer considers the unsolicited bid worthy of pursuing, the decision to consider such bid shall be made public in accordance with section 21A of the Systems Act together with:

32.3.1. Reasons as to why the bid should not be open to other competitors;

32.3.2. An explanation of the potential benefits for the MLM were it to accept the unsolicited bid; and

32.3.3. An invitation to the public and other potential suppliers to submit their written comments within 30 (thirty) days of the notice being published.

32.4. Details of the unsolicited bid, together with any written comments received as well as any responses from the bidder, shall be submitted to the provincial and National Treasury for comment.

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

32.6. The Bid Adjudication Committee may award the bid in respect of any amount.

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

32.8. If any recommendations of the Provincial or National Treasury are rejected or not followed, the Accounting Officer shall submit to the Auditor-General, the Provincial Treasury and the National Treasury the reasons for rejecting or not following those recommendations. Such submission shall be made within 7 (seven) days of the decision to award the unsolicited bid. No contract committing the MLM to the bid may be entered into or signed within 30 (thirty) days of the submission.

33. Deviation From, And Ratification Of Minor Breaches Of The Bid Processes

33.1. The AO may:

33.1.1. Dispense with the official procurement processes established by this Policy, and procure any required goods or services through any convenient process, which may include direct negotiation, but only in respect of:

33.1.1.1. Any contract relating to an emergency (as described in sub-paragraph 34.2 below) where it would not be practical to follow normal SCM processes;

33.1.1.2. Any goods or services which are available from a single provider only;

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

33.1.1.4. Any other exceptional circumstances where it is impractical or impossible to follow the official procurement process, including:

33.1.1.4.1. Any purchase on behalf of the MLM at a public auction sale;

33.1.1.4.2. Any contract in respect of which compliance therewith would not be in the public interest; and

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

33.1.1.5. To 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.

33.1.1.6. The CFO must record the reasons for any deviations in terms of sub-paragraph 34.2 and report them to the next meeting of the council and include as a note to the annual financial statements.

33.2. Emergency Deviations

33.2.1. The conditions warranting Emergency deviations should include the existence of one or more of the following:

33.2.1.1. The possibility of human injury or death;

33.2.1.2. The prevalence of human suffering or deprivation of rights;

33.2.1.3. The possibility of damage to property, or suffering and death of livestock and animals;

33.2.1.4. The interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the MLM as a whole;

33.2.1.5. The possibility of serious damage occurring to the natural environment;

33.2.1.6. The possibility that failure to take necessary action may result in the MLM not being able to render an essential community service; and

33.2.1.7. The possibility that the security of the state could be compromised.

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

33.2.3. Where possible, in an emergency situation, three quotes in accordance with general acquisition management principles should be obtained and a report submitted to the Accounting Officer for approval. However, where time is of the essence, the emergency shall be immediately addressed, and the process formalised in a report to the Accounting Officer as soon as possible thereafter.

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

34. Obligation To Report

34.1. The reasons for all deviations shall be recorded and reported by the Chief Financial Officer to Council at the next Council meeting, and shall be included as a note to the annual financial statements.

35. Combating Abuse Of The Supply Chain Management Policy

35.1. The Accounting Officer shall be entitled to take all reasonable steps to prevent abuse of the supply chain management system and to investigate any allegations against an official, or other role player, of fraud, corruption, favouritism, unfair, irregular or unlawful practices or failure to comply with the supply chain management system and when justified in terms of administrative law:

35.1.1. Shall take appropriate steps against such official or other role player; or

35.1.2. Shall report any alleged criminal conduct to the South African Police Service;

35.1.3. May reject a recommendation for the award of a contract if the recommended bidder or person submitting a quote, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;

35.1.4. May invalidate recommendations or decisions that were unlawfully or improperly made, taken or influenced, including recommendations or decisions that were made, taken or in any way influenced by:

35.1.4.1. Councillors in contravention of item 5 or 6 of the Code of Councillors in Schedule 1 of the Systems Act; or

35.1.4.2. Municipal officials in contravention of item 4 or 5 of the Code of Conduct for Municipal Staff Members set out in Schedule 2 of the Systems Act.

35.1.5. May cancel a contract awarded to a person if:

35.1.5.1. The person committed a corrupt or fraudulent act during the procurement process or in the execution of the contract that benefited that person.

35.2. May reject the bid or quote of any person if that person or any of its directors has:

35.2.1. Has failed to pay municipal rates and taxes or municipal service charges and such rates, taxes and charges as are in arrears for more than three (3) months;

35.2.2. Failed during the last five (5) years, to perform satisfactorily on a previous contract with MLM or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;

35.2.3. Abused the supply chain management system of MLM or has committed any improper conduct in relation to the system;

35.2.4. Been convicted of fraud or corruption during the past five (5) years;

35.2.5. Wilfully neglected or reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or

35.2.6. Been registered in the Register of Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act, 12 of 2004 or has been listed on National Treasury's database as a person prohibited from doing business with the public sector.

35.3. The Chief Financial Officer must inform in writing the Provincial Treasury of any actions taken in terms of sub-paragraph 36.1 and 36.2 above.

PART 3: Meetings, Minutes, Records And Thresholds

1. Meetings

1.1. Items for the agenda together with the written submissions must be lodged with the secretary of the relevant committee 3 (three) days before the scheduled date of the meeting. Late submissions shall be carried over to the next meeting or be made additional to the agenda as per the Committee's discretion.

1.2. Exceptional meetings will be held as and when considered necessary due to exceptional circumstances, as determined by the chairperson. Any member of the committee may request the Chairperson to convene exceptional meetings. The Committee member requesting the exceptional meeting must furnish the reason/purpose of such a meeting in writing.

1.3. The Chairperson will preside over each meeting. In his absence the Committee will appoint a Chairperson in which case he/she will occupy the chair for the duration of the meeting, even if the Chairperson arrives during the course of the meeting.

1.4. Every member attending the meeting owes respect to the Chairperson and may be removed if that person does not respect the authority of the chair.

2. Notice Of Meetings

2.1. Notice of ordinary meetings is to reach members 3 (three) days before the scheduled date of the meeting. Notice should include agenda, minutes and submissions.

2.2. The agenda of the meeting serves as the program of the meeting and unless the Committee decides otherwise, the items and sequence may not be changed during the meeting.

2.3. Notice to special meetings are to reach members at least 2 (two) days before the scheduled time. The meetings shall generally be convened for urgent items that cannot be held over until the next ordinary meeting.

2.4. Notices to exceptional meetings are to reach members at least three hours before the meeting. Telephonic or other electronic messages conveying date, time and purpose of the meeting are acceptable.

2.4.1. The agenda must be supplied before or at the start of the meeting. Minutes of the previous meeting will not be handled at such a meeting unless they form part of the purpose of the meeting.

2.4.2. Generally this meeting will attend to urgent queries arising from previous decisions of the committee which may have legal or financial implications or any other matter that the committee deems fit, which if not attended to, might have a detrimental effect to the organization, be it financially or legally.

3. Non Attendance

3.1. Non-attendance of meeting will be noted “with” or “without apology.” Repeated failure to attend meetings without valid reasons for three consecutive meetings shall result in the matter being reported to the Accounting Officer for action.

4. Minutes Keeping

4.1. The SCM Unit shall be responsible for the secretarial work, including minute taking. All deliberations within Committee meetings shall be recorded on tape. The SCM section shall further be responsible for safe keeping of all correspondence generated by or received on behalf of the Committee.

4.2. The secretary of the Bid Committees shall be responsible for safe keeping of the tapes which on which deliberations of the Bid Committees have been recorded, as well as the copies of the minutes signed by the relevant Chairperson as accuracy and validity of proceedings.

5. Decision Making

5.1. Normally decisions will be reached by consensus. Should there be sharp differences between members over any specific matter, a decision may be arrived at by voting by a show of hands (chairperson will have a casting vote).

5.2. Should the BAC, after the recommendation has been referred back, not obtain a consensus with the BEC on the final award of the bid, the final recommendation must be submitted to the Accounting Officer for a final decision.

5.3. Thus, if a quote/bid other than the one recommended by the BEC is approved by the BAC, the Accounting Officer must first be notified.

5.4. If the BAC/AO decides to approve a bid other than the one recommended by the BEC, the Auditor-General, Provincial Treasury and National Treasury must be notified in writing within 10 days of the reasons for deviating from such recommendation.

5.5. The Accounting Officer may at any stage refer the recommendation made by the BEC or BAC back to that committee for recommendation.

6. Confidentiality

6.1. All bids and any related correspondence and deliberations thereon must be treated as confidential information. No member of Bid Committees or any other official of MLM may divulge information relating to bids unless he/she is authorised to do so. Any person liable for such conduct may be charged with misconduct.

6.2. Matters of a confidential nature in the possession of supply chain or other officials should be kept confidential unless legislation, the performance of duty or the provisions of the law requires otherwise. Such restrictions should also apply after leaving the service of MLM.

6.3. Any information that is the property of the MLM or its suppliers/service providers should be protected at all times.

7. Declaration Of Interest

7.1. Each member of the bid committee or any official involved in the bidding process must declare possible conflict of interest and sign confidentiality agreement prior to the commencement of the evaluation process. No member or official who has an interest (or whose relative or friend has an interest) in particular offer will be allowed to participate in the evaluation, consideration and adjudication of the relevant bid.

7.2. If the SCM practitioner or other role player, or close family member, partner or associate of such practitioner or other role player, has any private or business interest in any contract to be awarded, that practitioner or role player must:

7.2.1. Disclose the interest.

7.2.2. Withdraw from participating in any manner whatsoever in the process relating to the contract.

7.3. All committee members as well as the secretary should be required to declare their financial interest annually and at each subsequent meeting.

7.4. Members must declare all gifts and invitations accepted for social events received from suppliers or potential suppliers, irrespective of the value of such a gift. Such declarations must be captured in the minutes of the meeting and must be reported to the CFO. Any such gifts and/or invitations accepted by the CFO must be reported to the Accounting Officer.

8. Attendance

8.1. Members and all other attendees shall sign a register at each meeting, serving as attendance register as well as an undertaking to confidentiality and impartiality of that meeting.

9. Code Of Conduct

9.1. It is hereby attached as **ANNEXURE B**.

PART 4: Logistics, Disposal, Risk And Performance Management System

1. Logistics Management

1.1. This aspect addresses receiving and distribution of placed orders, expediting orders and reviewing of vendor performance, from these processes the financial system is activated to generate payments.

1.2. The Accounting Officer must, *where applicable,* establish and implement an effective system of logistics management which includes:

1.2.1. Monitoring of spending patterns on types/classes/categories of goods and services, it is always important to incorporate the coding of items to ensure that each item has a unique number for the purposes of monitoring;

1.2.2. Setting of inventory levels that include minimum and maximum levels and lead times wherever goods are placed in stock. The concept of just-in-time (JIT) delivery is implemented;

1.2.3. Placing of manual or electronic orders for all acquisitions other than petty cash;

1.2.4. Before payment is approved, a certification from 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 the contract;

1.2.5. Appropriate standards of internal control and warehouse management to ensure goods in stores are secure and only used for the purpose they were purchased;

1.2.6. Monitoring and review of your vendor's performance to ensure compliance with specifications and contract conditions for a particular good or service; and

1.2.7. Stocktaking of all assets in stock or on distribution should be conducted at least once a year.

1.3. **Setting Of Inventory Levels**

1.3.1. Stock items shall be systematically replenished using the re-order point planning strategy in conjunction with minimum and maximum levels.

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

1.4. **Placing Of Orders**

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

1.4.2. Purchase orders, irrespective of the value, will be created for all quotations. This includes all responsive bids.

1.4.3. Requisitions must be completely filled and submitted with three quotations and quotations received from suppliers must be valid for 7 days.

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

1.4.5. All purchase orders will be captured on the E-Venus system inclusive of VAT.

1.4.6. Purchase order approvals will be systems based and will involve the procurement department only.

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

1.5. Receiving And Distribution Of Goods

Goods will be received on the MLM's E-Venus system with reference to purchase orders.

1.5.1. No over receipt of stock will be allowed. Under receipts will keep the purchase order open for the outstanding delivery quantity.

1.5.2. Goods will be issued from stock with reference to reservations. Goods can be issued for consumption against internal orders, cost centres, projects and assets under construction.

1.5.3. Goods or services should only be delivered to MLM upon the receipt of an official purchase order.

1.5.4. A delivery note must be presented and approved/signed by the receiver of goods or services as proof of delivery.

1.5.5. SDM will not be held liable for the payment of any invoices submitted by the supplier if the invoice does not stipulate the purchase order number.

1.5.6. Where a brand is specified for a particular product, the supplier will be allowed to submit alternative offers for equivalent products in the case where the supplier is unable to deliver the branded product.

1.6. Stores And Warehouse Management

1.6.1. The stores and warehousing function shall be centralized under the jurisdiction of the Supply Chain Management Unit.

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

1.6.3. Stocktaking of all assets in stock or on distribution shall be conducted at least once a year. This procedure entails the comparison of stock counted with official records of what should be in stock. Differences should then be accounted for.

1.6.4. Changing of inventory controllers are to be substantiated by the completion of the handing and taking over certificates.

1.6.5. After finalising the stocktake and effecting the necessary adjustment action, it is to be certified that the provisions of the relevant instructions have been complied with. Any discrepancies are to be fully explained. If there are no discrepancies, the word "none" is to be reflected on the certificate.

1.6.6. The official handing over and the official taking over have to sign the original and copies of the inventory form. If an official who relinquishes his/her post cannot be present during the handing and taking over, the CFO is to appoint an impartial person in writing to assist the incoming official.

1.7. **Expediting Orders**

1.7.1. The purchasing expeditor will be required to monitor and expedite outstanding purchase orders.

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

1.8. **Vendor Performance**

1.8.1. The E-Venus System will provide enabled system-based evaluation based on the vendors' performance with regard to certain pre-determined criteria.

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

2. Disposal Management System

2.1. The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act, will be determined for each situation in collaboration with the PPPFA, its regulations and amendments.

2.2. Assets may be disposed of by:

2.2.1. Transferring the assets to another organ of the state in terms of the provisions of the Act enabling the transfer of assets;

2.2.2. Transferring the assets to another organ of the state at market related value or, when appropriate free of charge;

2.2.3. Selling the asset;

2.2.4. Destroying the asset.

2.3. The Accounting Officer must ensure that-

2.3.1. Immoveable property is sold only by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous to MLM, except when the public interest or the plight of the poor demands otherwise and requirements of the Local Government MFMA – Municipal Asset Transfer Regulations (Gazette No. 3146 dated 22/08/2008) must be taken into account;

2.3.1.1. Only items with a Council resolution will be accepted by the SCM Unit for the tender/auction process. These resolutions and valuations should not be older than 12 months. The copy of the valuation certificate, zoning certificate and council resolution and all other documents pertaining to the sale of land must accompany the request for the sale of the mentioned land/property.

2.3.2. Movable assets are sold once council has declared the items redundant, either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous and sold to the bidder who submitted the highest price;

2.3.3. Firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;

2.3.4. Immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;

2.3.5. All fees, charges, rates, tariffs, scale of fees or other charges relating to the letting of immovable property are annually reviewed;

2.3.6. Where assets are traded in for other assets, the highest possible trade-in price is negotiated; and

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

3. Risk Management

3.1. The criteria for the identification, consideration and avoidance of potential risks in the SCM system, are as follows:

3.1.1. Non-compliance by the supplier to deliver within agreed timeframes;

3.1.2. Supply of inferior goods or services;

3.1.3. Inability of the supplier to provide goods or services as ordered;

3.1.4. Non-adherence to the MLM's policy with regard to utilisation of preferred suppliers; and

3.1.5. Procurement of goods or services at prices or of a quality not in the best interest of MLM.

3.2. Risk Management must include-

3.2.1. The identification of risks on a case-by-case basis;

3.2.2. The allocation of risks to the party best suited to manage such risks;

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

3.2.4. The management of risks in a pro-active manner and the provision of adequate cover for residual risks; and

3.2.5. The assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

3.3. In addition to the above, the Risk Management Framework of MLM will apply.

4. Performance Management

4.1. The CFO must establish and implement an internal monitoring system in order to determine the basis of a retrospective analysis whether the authorized SCM processes were followed and whether the measurable performance objectives linked to and approved with the budget and service delivery and budget implementation plan, were achieved.

4.2. The relevant Project Manager must ensure that the performance of all contractors is assessed during the period of the contract.

4.3. At the completion stage of the project/contract, an assessment of the contractor shall be undertaken and this assessment should be available for future reference.

4.4. Performance management shall accordingly be characterised by a monitoring process and retrospective analysis to determine whether:

4.4.1. Value for money has been attained;

4.4.2. Proper processes have been followed;

4.4.3. Desired objectives have been achieved;

4.4.4. There is an opportunity to improve the process;

4.4.5. Suppliers have been assessed and what that assessment is; and

4.4.6. There has been deviation from procedures and, if so, what the reasons for that deviation are.

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

4.5.1. Achievement of goals;

4.5.2. Compliance to norms and standards;

4.5.3. Savings generated;

4.5.4. Cost variances per item;

4.5.5. Non-compliance with contractual conditions and requirements; and

4.5.6. The cost efficiency of the procurement process itself.

4.6. The CFO shall report quarterly to the Council on the following aspects:

4.6.1. Total procurement spend;

4.6.2. Percentage of total spend directed towards BEE and/or designated groups;

4.6.3. Percentage of total spend directed towards SMME's;

4.6.4. Process disputes;

4.6.5.Supplier history regarding the number of awards per financial year

4.6.6.Instances of alleged and proven fraud and corruption;

4.6.7. Information regarding deviation process followed. Examples of such processes are:

4.6.7.1. Non-utilization of supplier database;

4.6.7.2. Subdividing of total requirements; and

4.6.7.3. Unplanned spending and obtaining less than the required number of quotations.

5. Contract Management

5.1. Managing The Contract

5.1.1. The Contract Administrator shall adhere to the provisions of this Policy and the Contract Management Framework;

5.1.2. The End-End-user department shall be responsible for the day to day administration of the contract; and

5.1.3. The SCMU shall be responsible to ensure that the contract payments are made according to contract conditions.

5.2. Contract Close-Out

5.2.1. After the completion of each contract the Contract Administrator is to develop a close-out report which shall be in prescribed format, to the SCM Unit within 14 days after the completion of the project.

5.2.2. The project owner must:

5.2.2.1. Ensure that complete documentation is produced to record and analyse performance including the planning documents;

5.2.2.2. Ensure that the product of the programme is documented;

5.2.2.3. Carry out contract closure;

5.2.2.4. That there is a record of formal acceptance documentation that the supplier has accepted the contract conclusion and that the lessons learnt are also documented.

5.3. Contract Variations Amendments

5.3.1. General

5.3.1.1. The Accounting Officer must ensure that all written contracts or service level agreements that are entered into by MLM are legally sound. This measure is aimed at avoiding potential litigation and minimising possible fraud and corruption.

5.3.1.2. Contracts or agreements must be properly managed in order to ensure that both parties (MLM and the contractor) meet their respective obligations.

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

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

5.3.1.5. The use of fixed price, fixed term contracts will be promoted and expenditure will be driven towards contracts versus once-off purchases.

5.3.1.6. Contract price adjustments shall be processed only in accordance with contract terms and conditions.

5.3.1.7. When an item on contract is no longer available and another item has to be substituted, this implies an amendment of the contract. Such an amendment must be submitted to the BAC for approval. When a contractor is no longer able to supply a contract item and he offers to substitute, an item which is more expensive, the amendment is to the disadvantage of the MLM unless the substitute item offers additional benefits which can be utilised by the MLM and which justify the additional cost. If not, the applicable BAC or delegate's approval must be obtained.

5.3.1.8. 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 contract value.

5.3.1.9. 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 to the contract.

5.3.1.10. The contractual conditions should stipulate the conditions under which amendments shall be considered and the process to be followed in such circumstances.

5.3.1.11. No variation in or modification of the condition of contract shall be without all the parties signing the amendment.

5.3.1.12. The End-user department must approach the SCM Unit with the request for amendment. The SCM Unit should contact the contractor to determine whether he will be amenable to an amendment to the contract within the allowable parameters.

5.3.1.13. The Legal Support and Services in conjunction with the SCM Unit must facilitate the signing of the amendment by all parties. A signed copy must be forwarded to the End-user department and the Records Department must file the original signed amendment appropriately.

5.3.2. **Increase/Decreases In Quantities**

5.3.2.1. Before calling for bids, care must be taken to establish the quantities/range of services required as reliably as possible so that the need to increase/decrease quantities/range of services during the contract period may be decreased provided that consensus exists between the MLM and the contractor and the unit prices remain unchanged.

5.3.2.2. After the original or official amended quantities/services for which the contract was arranged, have been delivered, the contract ceases to exist. It is then no longer possible to purchase further items/services on the contract.

5.3.3. **Extension Of Contract Period**

5.3.3.1. Extension of contract periods is undesirable because it often leads to uncontrolled increases in the contract prices. These must therefore be

restricted to the minimum. The End-user department is responsible for ensuring that timely application is made for the arrangement of new contracts. Where justifiable reasons are provided for extending a contract, the relevant application may be considered favorably and contracts may be approached with the request to indicate whether they are prepared to extend the contract period.

5.3.3.2. The fact that extension of contracts might affect the schedule for other contracts must also be borne in mind.

5.3.3.3. If contractors are prepared to extend the contract period, but with amended price conditions, the reasonableness of prices must be established.

5.3.3.4. The cost of extending the contract must be limited to either 15% in the case of construction contracts or 20% in any other contract, of the original contract value. However, the market must again be tested before the extended period has expired.

5.3.4. **Extension Of Delivery Periods**

5.3.4.1. Motivated applications for the extension of delivery periods in respect of ad hoc and specific term contracts may be considered favourably, but are subject to the restriction that no price adjustments, which arise during the extended period, may be considered. However, price adjustments during the extended period may be considered favourably if the MLM requested the extended delivery period, or when delayed deliveries are caused by the actions of the MLM.

5.3.5. **Amendment Of Specifications**

5.3.5.1. Where a binding contract has been concluded, an amendment of specifications whether initiated by the contractor or by the MLM, can be made only after the negotiation between the contractor and MLM, through the AO and must be immaterial. Records of that meeting should be kept for reference.

5.3.5.2. Account must be taken of the fact that the contractor has a right of recourse against the MLM if the specifications have to be amended as a result of a

mistake by MLM. It is essential therefore that a settlement is reached with the contractor.

5.3.6. **Unsatisfactory Performance**

5.3.6.1. Unsatisfactory performance occurs when performance is in accordance with the contractual conditions. Directives regarding action in such cases appear in paragraph 15, 21-23, 26 and 28 of GCC.

5.3.6.2. The End-user department must timely identify unsatisfactory performance in terms of the contract.

5.3.6.3. The SCM Unit must, in consultation with the End-user department and legal department if required, bring unsatisfactory performance to the attention of the contractor in writing. Also apply the audi alteram partem rule (hear the other side) in the management of unsatisfactory performance. The SCM Unit shall give notice to the contractor of action to be taken in line with the contract due to non-performance.

5.3.6.4. If the performance is not rectified, the End-user department must inform the SCM Unit of this fact.

5.3.6.5. Before action is taken in terms of GCC or any other special contract condition applicable, the MLM must warn the contractor in writing that action will be taken in accordance with the contract conditions unless the contractor complies with the contract conditions and delivers satisfactory supplies or services within a reasonable time. In the contractor still does not perform satisfactorily despite a final warning, the SCM Unit may make a recommendation to the AO, as delegated by Council, for the appropriate penalties to be introduced.

5.3.6.6. When correspondence is addressed to the contractor, reference must be made to the contract number, the item number and the number and date of any relevant invoice, statement or letter received from the contractor. Otherwise the number and date of the order, a short description of the product or service and details of the destination if applicable, must be supplied.

PART 5: Other Matters

1. Prohibition On Awards To Persons Whose Tax Matters Are Not In Order

1.1. No award above R30 000 may be made in terms of this Policy to a person whose tax matters have not been declared by SARS to be in order.

1.2. Before making an award to a person, the AO must first check with SARS whether that person's tax matters are in order.

1.3. If SARS does not respond within 7 days such person's tax matters may for the purposes of sub-paragraph 1.1 be presumed to be in order.

2. Prohibition On Awards To Persons In The Service Of The State

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

2.1. Who is the service of the state;

2.2. 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; and

2.3. A person who is an advisor or consultant contracted with the municipality.

3. Awards To Close Family Members Of Persons In The Service Of The State

The AO must ensure that the notes to the Annual Financial Statements disclose particulars of any award of more than R 2000 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-

3.1. The name of that person;

3.2. The capacity in which that person is in the service of the state; and

3.3. The amount of the award.

4. Ethical Standards

4.1. A code of ethical standards as set out in sub-paragraph (2) of the "National Treasury's Code of Conduct for supply chain management practitioners and other role players involved in supply chain management" is hereby established for officials and other role players in the supply chain management system of the MLM in order to promote:

4.1.1. Mutual trust and respect; and

4.1.2. An environment where business can be conducted with integrity and in a fair and reasonable manner.

4.2. A breach of this code of ethics must be dealt with as follows-

4.2.1. 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;

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

4.2.3. In all cases, financial misconduct must be dealt with in terms of Chapter 15 of the Act.

4.3. Mafube Local Municipality adopts the National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management.

5. Inducement, Rewards, Gifts And Favours To Municipalities, Officials And Other Role Players

5.1. 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 –

5.1.1. Any inducement or reward to the or in connection with the award of a contract; or

5.1.2. Any reward, gift or favour or hospitality to-

5.1.2.1. Any official; or

5.1.2.2. Any other role player involved in the implementation of this Policy.

5.1.3. The AO must promptly report any alleged contravention of this sub-paragraph 5.1 to the National Treasury for considering whether the offering person, and any representative or intermediary through which such a 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; and

5.1.4. A gift register must be maintained and kept.

6. Sponsorships

6.1. 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:

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

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

7. Objections And Complaints

7.1. 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.

8. Resolution Of Disputes, Objections, Complaints And Queries

8.1. The Accounting Officer shall appoint an independent and impartial person not directly involved in the supply chain to assist in the resolution of disputes between the MLM and other persons regarding-

8.1.1. Any decisions or actions taken in the implementation of the supply chain management system; or

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

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

8.3. 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.

8.4. The person appointed must-

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

8.4.2. Queries received; and

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

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

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

8.5.2. No response is forthcoming within 60 days.

8.6. 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.

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

ANNEXURE A

SCHEDULE OF PROCUREMENT PLAN IN RESPECT OF ADVERTISED COMPETITIVE BIDS

(GOODS, INFRASTRUCTURE PROJECTS OR SERVICES IN EXCESS OF R200 000 INCLUDING ALL APPLICABLE TAXES)

FOR THE ..... FINANCIAL YEAR

NAME OF MUNICIPALITY	MAFUBE LOCAL MUNICIPALITY
NAME OF ACCOUNTING OFFICER / DELEGATED OFFICIAL	Adv MF Lepheana
SIGNATURE OF ACCOUNTING OFFICER / DELEGATED OFFICIAL	
TELEPHONE NUMBER AND E-MAIL ADDRESS	

Description of goods / services / Infrastructure project	Estimated value (including all applicable taxes)	Envisaged date of advertisement in the website, newspapers or other media	Envisaged closing date of bid	Envisaged date of award	Responsible office

ANNEXURE "B"

MAFUBE LOCAL MUNICIPALITY

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

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

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

1 General Principles

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

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

1.3 Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.

2 Conflict of interest

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

(a) must treat all providers and potential providers equitably;

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

3 Accountability

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

3.2 Practitioners should use public property scrupulously.

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

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

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

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

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

(ii) any alleged contravention of the policy on inducements, rewards, gifts and favours to municipalities or municipal entities, officials or other role players; and

(iii) any alleged breach of this code of conduct.

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

4 Openness

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

5 Confidentiality

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

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

6 Bid Specification / Evaluation / Adjudication Committees

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

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

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

6.4 No person should-

6.4.1 interfere with the supply chain management system of the **municipality**; or

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

7 Combative Practices

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

(i) Suggestions to fictitious lower quotations;

(ii) Reference to non-existent competition;

(iii) Exploiting errors in price quotations / bids;

(iv) Soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters.