

Beaufort West Municipality



SUPPLY CHAIN MANAGEMENT POLICY **With effective date 1 July 2024**

APPROVED BY COUNCIL ON: 21 MAY 2024

BUDGET POLICY NR: 09

COUNCIL RESOLUTION REFERENCE: 8.37

1. INTRODUCTION

Beaufort West Municipality resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No 56 of 2003) and read with Municipal Supply Chain Management Regulations, to adopt and approve this policy as the Supply Chain Management Policy of the Beaufort West Municipality at its Council meeting of 21 May 2024 as per Council Resolution No 8.3.5 The proposed amendments were workshopped at the policy workshop of May 2024. This policy super-cedes all other procurement policies previously in force at the municipality.

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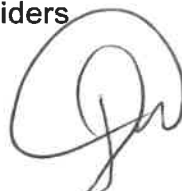
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1. Definitions

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

"Adjudication points" means the points referred to in the Preferential Procurement Regulations, 2022 and the Preferential Procurement section of this policy, also referred to as "evaluation points".

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

"Annual Bid / Term Bid" means a rates-based bid for the supply of goods, services or construction works, which are of an ad-hoc or repetitive nature where the individual rates are approved for use over a predetermined period of time.

"Asset" means a tangible or intangible resource capable of ownership.

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

"B-BBEE Status Level of Contributor" means the B-BBEE status 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.

"Broad-Based Black Economic Empowerment Act" means the Broad-Based Black Economic Empowerment Act, 53 of 2003 and Codes of Good Practice pertaining thereto.

"Bidder" means any person submitting a bid.

"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 the production or supply of goods or services, for rental to others or for administrative purposes, and from which future benefit can be derived, such as plant, machinery and equipment.

"Closing time" means the time and day specified in the bid documents for the receipt of bids.

"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 paragraph 12 (1) (d) of this Policy;

"Competitive bid" means a bid in terms of a 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" in terms of the CIDB Regulations: 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, piling or any similar type of work.

"Consultant" means a person or entity providing services requiring knowledge based expertise, and includes professional service providers.

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

"Contractor" means any person or entity whose bid or quote has been accepted by the Municipality.

"Contract manager" means a line manager or budget cost centre manager or officials in the Project Management Unit with delegated authority.

"Council" means the municipal council of the Municipality of Oudtshoorn;

"Day(s)" means working days unless the context indicates otherwise.

"Delegated authority" means any person or committee delegated with authority by the Municipality in terms of the provisions of the Municipal Finance Management Act.

"Emergency dispensation" means emergency as referred to in paragraph 36(a)(i)

- (a) the conditions warranting Emergency dispensation should include the existence of one or more of the following:
 - i) the possibility of human injury or death;



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- ii) the prevalence of human suffering or deprivation of rights;
 - iii) the possibility of damage to property, or suffering and death of livestock and animals;
- (b) the interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the Municipality as a whole;
- (c) the possibility of serious damage occurring to the natural environment;
- (d) the possibility that failure to take necessary action may result in the Municipality not being able to render an essential community service; and
- (e) the possibility that the security of the state could be compromised.
- (f) 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 dispensation shall not be granted in respect of circumstances other than those contemplated above.

"Evaluation of bids" in respect of bids that exceed 300000, shall be deemed to take place when the Bid Evaluation Committee meets to make a recommendation to the Bid Adjudication Committee.

"Evaluation points" also referred to as **"Adjudication Points"**.

"Exempted capital asset" means a municipal capital asset which is exempted by section 14(6) of the MFMA from the other provisions of that section.

"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 quotations referred to in paragraph 12(1) of this Policy;

"Functionality" means the measurement according to predetermined norms, as set out in the bid or quotation 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 bidder. "Functionality" is also referred to as **"quality"**.

"in the service of the state" means to be —

- (a) a member of —



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

"Joint Venture or Consortium" means an association of persons formed for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract or contracts. The Joint Venture must be formalised by agreement between the parties.

"Long term contract" means a contract with a duration period exceeding one year and does not have the same meaning as contracts of a long-term nature referred to in paragraph 22 (1) (b) (ii) of this policy.

"Long term nature contract" means a contract as identified by section 33(1) of the Municipal Finance Management Act imposing financial obligations on the municipality beyond the first three years covered in the approved annual budget,

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

"Municipality" means the Municipality of Oudtshoorn;

"Obtain" means to come into possession of to get, acquire, or procure, as through an effort or by a request;

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

- (a) the Preferential Procurement Policy Framework Act, 2022 (Act No. 5 of 2000)
- (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
- (c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);
- (d) Value Added Tax Act, 1991 (Act 89 of 1991);
- (e) Promotion of Access to Information Act (PAIR), 2000 (Act 2 of 2000);
- (f) Public Protector Act, 1994 (Act 23 of 1994);
- (g) Public Office Bearers Act, 1998 (Act 20 of 1998);
- (h) State Information Technology Agency Act (SITA), 1998 (Act 88 of 1998);



(i) Competition Act (CA), 1998 (Act 89 of 1998);

"Plight of the poor" means the plight of a group of people or a section of a community where the majority of the households in a specific area qualify as indigent or poor in terms of the Municipality Consumer Care, Credit Control and Debt Collection Policy.

"Policy" means this Supply Chain Management Policy as amended as prescribed in Municipal Supply Chain Management Regulations.

"Preference points" mean the points for preference referred to in this Policy. **"PPFFA"**

means the Preferential Procurement Policy Framework Act, 5 of 2000.

"Preferential Procurement Regulations" means the regulations pertaining to the PPPFA of 2022.

"Prime contractor" shall have the same meaning as **"contractor"**

"Promotion of Administrative Justice Act" means the Promotion of Administrative Justice Act, 3 of 2000.

"Quality" also referred to as **"functionality"**

"Rand Value" means the total estimated value of a contract in South African currency, calculated at the time of bid invitations, and includes all applicable taxes and excise duties.

a) the Preferential Procurement Policy Framework Act, 2022 (Act No. 5 of 2000)

"Ratification of minor breaches of the procurement process" means the authority that the accounting officer has in terms of regulation 36(1)(b) of the Municipal Supply Chain Management Regulations 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 technical in nature. In this instance the accounting officer can only rely on this provision if the official or committee who committed the breach had the delegated authority to perform the function in terms of the municipality's adopted System of Delegations, which must be consistent with the MFMA and its regulations.

"Republic" means the Republic of South Africa.

"Responsible agent" means either an internal project manager (being an employee of the Municipality) or an external consultant (appointed by the Municipality), as the case may be, who is responsible for the implementation of a project or part thereof.

"SARS" means the South African Revenue Services.



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"sole providers" can be broadly defined as manufacturers, licence holders, publishers, intellectual property holders or service providers appointed by a sole provider as their sole agent or distributor in a specific area;

"Sub-contractor" means any person or entity 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 a contract.

"Supplier" is a generic term which may include suppliers of goods and services, contractors and/or consultants.

"Supplier database" means the list of accredited prospective providers which a municipality or municipal entity must keep in terms of Regulation 14 of the Supply Chain Management Regulations. The database can be kept by the municipality, depending on the specific need, or kept by an external service provider.

"Systems Act" means the Local Government: Municipal Systems Act, 32 of 2000.

"Technical nature" refers to a breach by a delegated official in terms of Regulation 36(1)(b) that has occurred in contravention with the adopted Supply Chain Management Policy due to a non-deliberate or unintentional oversight.

"Tender/tenderer" means **"bid/bidder"** in the context of construction works procurement.

"Transaction value" means the actual contract value (the bid sum or price) in South African currency, inclusive of all applicable taxes in respect of the goods, services or construction works that are contracted for.

"Treasury guidelines" means any 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);

"The Regulations" means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005; Municipal Supply Chain Management Regulations published by Government Notice 47452 of 4 November 2022; Municipal Supply Chain Management Regulations published by Government Notice 49863 dated 14 December 2023;

"Trust" means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person.



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

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

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

(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, closed corporations and firms, unless the context clearly indicates otherwise.

(3) All amounts/limits stated in this document shall be deemed to be inclusive of Value Added Tax (VAT).

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CHAPTER 1

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Supply Chain Management Policy

- (1) All officials and other role players in the supply chain management system of the Municipality must implement this Policy in a way that —
- (a) gives effect to —
 - (i) section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
 - (b) is fair, equitable, transparent, competitive and cost effective;
 - (c) complies with —
 - (i.) the Regulations; and
 - (ii.) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
 - (d) is consistent with other applicable legislation;
 - (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
 - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- (2) This Policy applies when the Municipality
- (a) procures goods or services;
 - (b) disposes goods no longer needed;
 - (c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
 - (d) selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.
- (3) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including —
- (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
 - (b) electricity from Eskom or another public entity, another municipality or a municipal entity.

3. Amendment of the supply chain management policy

- (1) The accounting officer must —
- (a) review annually the implementation of this Policy; and



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

4. Delegation of supply chain management powers and duties

- (1) The Council hereby delegates all powers and duties to the accounting officer, which are necessary to enable the accounting officer -
- (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of —
 - (i) Chapter 8 or 10 of the Act; and
 - (ii) this Policy;
 - (b) to maximize administrative and operational efficiency in the implementation of this Policy;
 - (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
 - (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- (2) Sections 79 and 106 of the Act apply to the sub-delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).
- (3) The accounting officer may not sub-delegate any supply chain management powers or duties to a person who is not an official of the Municipality or to a committee, which is not exclusively composed of officials of the Municipality.
- (4) This paragraph may not be read as permitting an official to whom the power to



make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

5. Sub-delegations

- (1) The accounting officer may in terms of section 79 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub-delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.
- (2) The power to make a final award —
 - (a) above R10 million (VAT included) may not be sub-delegated by the accounting officer.
 - (b) above R300,000.00 (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated but only to a bid adjudication committee of which the chief financial officer or a senior manager in finance department is a member.
- (3) The bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such committee during that month, including—
 - (a) the amount of the award;
 - (b) the name of the person to whom the award was made; and
 - (c) the reason why the award was made to that person.
- (4) A written report referred to in subparagraph (3) must be submitted —
 - (a) to the accounting officer, in the case of an award by a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
 - (b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by a bid adjudication committee of which the chief financial officer or a senior manager is not a member.
- (5) Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.
- (6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.



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

6. Oversight role of council

- (1) The Council reserves its right to maintain oversight over the implementation of this Policy.
- (2) For the purposes of such oversight the accounting officer must —
- (a) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality; and
 - (b) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to Council.
- (3) The accounting officer must, within 10 days of the end of each quarter, submit a Service Delivery Budget Implementation Plan report on the implementation of the supply chain management policy to the mayor.
- (4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

7. Supply chain management unit

- (1) The Municipality has a Supply Chain Management Unit to assist the Municipal Manager to implement this, Policy.
- (2) The supply chain management unit operates under the direct supervision of the Chief Financial Officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

8. Training of supply chain management officials

- (1) The Municipal Manager shall ensure that all persons involved in the implementation of this Policy meet the prescribed competency levels, and where necessary, shall provide training.
- (2) The training of officials involved in implementing this Policy shall be in accordance with Municipal Regulations on Minimum Competency Levels, 2007 Treasury guidelines on supply chain management training.

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CHAPTER 2

SUPPLY CHAIN MANAGEMENT SYSTEM

9. Format of supply chain management system


This Policy provides systems for —

- (a) demand management;
- (b) acquisition management;
- (c) logistics management;
- (d) disposal management;
- (e) risk management; and
- (f) performance management.

Part 1: Demand management

10. System of demand management

- (1) Demand management shall translate the municipal Integrated Development Plan and Service Delivery Budget Implementation Plan into current and future needs in order to cost and budget for it.
- (2) The demand management system must —
 - (a) include timely planning and management processes to ensure that all goods and services required by the Municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
 - (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature;
 - (c) provide for the compilation of the required specifications to ensure that its needs are met;
 - (d) undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.
- (3) Activities in Demand Management
 - (a) Demand management lies at the beginning of the supply chain and the major activities associated with identifying demand are:
 - (i) establishing requirements;
 - (ii) determining needs; and
 - (iii) deciding on appropriate procurement strategies.



- (c) Demand management accordingly shall involve the following activities in co-operation with all Directorates:
- (i.) understanding the future needs;
 - (ii.) identifying critical delivery dates;
 - (iii.) identifying the frequency of the need;
 - (iv.) linking the requirement to the budget; and
 - (v.) compilation of a procurement (bid) plan aligned with the above for which the Directorates will take responsibility by submitting their bids according to the bid plan to ensure effective and sufficient service delivery.
 - (vi.) Directorates must ensure that all envisaged needs are populated and recorded onto the procurement plans per directorate.
 - (vii.) The sourcing of quotations for goods and services to be rendered will be obtained from the respective and combine procurement plan whichever is the more advantageous to the municipality.

Part 2: Acquisition management

11. System of acquisition management

- (1) The accounting officer must implement the system of acquisition management set out in this Part in order to ensure —
- (a) that goods and services, including construction works and consultant services are procured by the Municipality in accordance with authorised processes only;
 - (b) that expenditure on goods and services, including construction works and consultant services, is incurred in terms of an approved budget in terms of section 15 of the Act;
 - (c) that the threshold values for the different procurement processes are complied with;
 - (d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with requirements of relevant legislation including, the Preferential Procurement Policy Framework Act; and
 - (e) that any Treasury guidelines on acquisition management are properly taken into account.
- (2) The supply chain management policy, except where provided otherwise in these Regulations, does not apply in respect of the procurement of goods and services contemplated in section 110 (2) of the Act, including-
- (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
 - (b) electricity from Eskom or another public entity, another municipality or municipal entity.

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- (3) A municipality or municipal entity procuring goods or services contemplated in section 110 (2) of the Act must make public the fact that it procures such goods or services otherwise than through its supply chain management system, including-
- (a) the kind of goods or services; and
 - (b) the name of the supplier

12. Range of procurement processes

- (1) Goods or service may only be procured by way of —

Value of purchase (VAT inclusive)	Range of Procurement Processes	Approval Authority
R— R2000	Petty Cash Purchases	
R2 001 — R 30 000	3 Formal written price quotations: (i) 80/20 Preference point system will apply in terms of PPPFA Act of 2022 and the Beaufort West Municipality's Preferential Procurement Policy 2023 will be applicable.	Divisional Head / Head of Department
R 30 001 - R300 000	Formal written price quotations: (i) To comply with; Tax Clearance Certificate for amounts above R30 000 — Treasury Circular 29 dated 31 January 2006; and (ii) Advertisement for 7 (seven) days on the Council's website and all official notice boards. (iii) 80/20 Preference point system will apply in terms of PPPFA Act of 2022 and the Beaufort West Municipality's Preferential Procurement Policy 2023 will be applicable.	Head of Departments
R 300 001- R10 million	A competitive bidding process; (i.) Advertised for 14 (fourteen) days on Council's website and notice boards, and (ii.) Advertised for 14 (fourteen) days in newspapers commonly circulating locally, but not limited there to.	Bid Adjudication Committee
Above R10 million	A competitive bidding process; (i.) advertised for 30 (thirty) days on Council's website and notice boards; and (ii.) advertised for 30 (thirty) days in newspapers commonly circulating locally, but not limited there to. If the responsible official or members of the Bid Specification Committee is of the opinion that a tender might exceed R10 million notwithstanding the fact that the cost estimate	Municipal Manager after recommendation from Bid Adjudication Committee



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	is below R10 million, the prescribed process for bids above R10 million must be followed.	
Annual Bids / Long-term contracts	A competitive bidding process will be followed for the supply of goods and services or construction works that is of an ad-hoc or repetitive nature for a predetermined period of time.	

- (2) The accounting officer may, in writing-
- (a) lower, but not increase, the different threshold values specified in subparagraph 12(1); or
 - (b) direct that —
 - (i.) written quotations are obtained for any specific procurement of a transaction value lower than R2 000;
 - (ii.) formal written price quotations be obtained for any specific procurement of a transaction value from R 2 000; or
 - (iii.) a competitive bidding process be followed for any specific procurement of a transaction value lower than R 300 000.
- (3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

13. General preconditions for consideration of written quotations or bids

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

- (a) has furnished that provider's —
 - (i.) full name;
 - (ii.) identification number or company or other registration number; and
 - (iii.) tax reference number and VAT registration number, if any;
- (b) has authorized the Municipality to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and
- (c) has indicated —
 - (i.) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - (ii.) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
 - (iii.) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

(d) Prohibition on awards to persons whose tax matters are not in order (Previously Regulation 43)



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- (i.) No award above R30 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- (ii.) Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.
- (iii.) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

(e) Prohibition on awards to persons in the service of the state (previously regulation 44)

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

- (i.) who is in the service of the state;
- (ii.) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- (iii.) a person who is an advisor or consultant contracted with the Municipality.

(f) Awards to close family members of persons in the service of the state (previously regulation 45)

The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R 2 000 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 —

- (i.) the name of that person;
- (ii.) the capacity in which that person is in the service of the state; and the amount of the award.
- (iii.) The new TCS impacts on SCM processes and documentation that must be submitted as SARS no longer issues tax compliance certificates.
- (iv.) In order to comply with the new TCS system and the condition of bids that a successful bidder's tax matters must be in order, Accounting Officers of all municipalities and municipal entities should:
 - (a) Designate official in the supply chain management unit, whose function will be to verify the tax compliance status of a taxpayer and to manage the TCS system on the SARS website and have the functionality to verify the tax compliance status of a taxpayer on the SARS' e-Filing system. Guidance to the Tax Compliance functionality on eFiling is available on the SARS website www.sars.gov.za.
 - (b) Utilise the Municipal Bid Document 1 (MBDI) issued with this circular when inviting bids.
 - (c) As a bid condition, request bidders to register on government's Central Supplier Database (CSI) and include in their quotations or bids, their Master Registration Number or tax compliance status PIN to enable the municipality to verify the bidder's tax compliance status.
 - (d) Utilise the Master Registration Number or 'tax compliance status PIN to verify bidders' tax compliance status.



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- (e) Print the tax compliance status screen view or letter with the result of the bidder's status at the date and time of verification to file with the bidder's bid documents for audit purposes.
- (v.) The CSD and tax compliance status PIN are the approved methods to be used to prove tax compliance as the SARS no longer issues Tax Clearance Certificates but has made provision online, via eFiling, for bidders to print their own Tax Clearance Certificates which they can submit with their bids or price quotations.
- (vi.) Accounting Officers may therefore, accept printed or copies of Tax Clearance Certificates submitted by bidders and verify them on e-Filing. The verification result should be filed for audit purposes.
- (vii.) Where a supplier does not submit a tax compliance status PIN but provides a CSD number, the accounting officer should utilise the CSD number via its website www.csd.gov.za to access the supplier records and verify tax compliance status. A printed screen view at the time of verification should then be attached to the supplier's records for audit purposes.
- (viii.) Where goods and services are procured from foreign suppliers with tax obligations in South Africa, proof of tax compliance status should be obtained from the supplier.

Foreign suppliers with neither South African tax obligations nor history of doing business in South Africa should complete a pre-award questionnaire on the MBD 1 for their tax obligation categorisation. Where a recommendation for award of a bid has been made to a bidder who is a foreign supplier and who completed the pre-award questionnaire on the MBD 1, the Accounting Officer must submit a copy of the completed MBD 1 received from the bidder to SARS on the following email address: GovernmentInstitute@sars.gov.za. SARS will issue a letter to the procuring

- (i.) entity confirming whether or not the foreign supplier has tax obligations in South Africa.
- (ii.) Where goods and services are procured from foreign suppliers with no tax obligation in South Africa, there is no need to request proof of tax compliance status.
- (iii.) Where goods and services are imported, all custom related taxes shall be applied as prescribed by SARS.
- (iv.) It is recommended that municipalities and municipal entities discontinue using MBD 2 as there is no longer a use for it within the current tax compliance system.
- (v.) **APPLICATION DURING SCM PROCESS**
The designated official(s) should verify the bidder's tax compliance status prior to the finalisation of the award of the bid or price quotation.

Where the recommended bidder is not tax compliant, the bidder should be notified of their non-compliant status and the bidder must be requested to submit to the municipality or municipal entity, within 7 working days, written proof from SARS of their tax compliance status or proof from SARS that



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they have made an arrangement to meet their outstanding tax obligations. The proof of tax compliance status submitted by the bidder to the municipality or municipal entity must be verified via the CSD or e-Filing. The accounting officer should reject a bid submitted by the bidder if such a bidder fails to provide proof of tax compliance status within the timeframe stated above.

g) Prohibition on awards to persons in the service of the state (previously regulation 44)

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

- (i.) who is in the service of the state;
- (ii.) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- (iii.) a person who is an advisor or consultant contracted with the Municipality.

h) Awards to close family members of persons in the service of the state (previously regulation 45)

The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R 2 000 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 —

- (i.) the name of that person;
- (ii.) the capacity in which that person is in the service of the state; and
- (iii.) the amount of the award

14. Lists of accredited prospective providers I Supplier database

(1) The accounting officer must —

- (a) keep a list of accredited prospective providers of goods and services (supplier database) that must be used for the procurement requirements of the municipality or municipal entity through formal written price quotations; and
- (b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
- (c) the listing criteria for accredited prospective providers are
 - (i.) name of supplier of service provider;
 - (ii.) street address;
 - (iii.) postal address;
 - (iv.) contact Person in Sales Department;
 - (v.) telephone number of Sales Department;



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- (vi.) cell number of Sales Department;
- (vii.) fax number of Sales Department;
- (viii.) e-mail address of Sales Department;
- (ix.) VAT registration number if applicable;
- (x.) bank details;
- (xi.) type of industry;
- (xii.) valid certification for specialised services if applicable;
- (xiii.) valid tax clearance certificate if applicable;
- (xiv.) CIDB registration certificate if applicable;
- (xv.) completed Declaration of interest;
- (xvi.) valid certification in respect of Exempted Micro Enterprises or B-BBEE Status Level of Contributor if applicable;
- (xvii.) criteria related to specific services to ensure effective service delivery for example "strip and quote" related to vehicles or equipment (plant and IT)

(d) disallow the listing of any prospective provider whose name appears on the National Treasury's List of Restricted Suppliers and or Register for Tender Defaulters and who is prohibited from doing business with the public sector.

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

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

(4) **National Treasury's Web Based Central Supplier Database (CSD)**

It is a requirement for all Suppliers to be registered on the National Treasury Web Based Central Supplier Database (CSD) that can be accessed at <https://secure.csd.gov.za>.

The CSD is the national standardised and centralised electronic supplier database administered by the National Treasury which provides information to an organ of state.

Prospective suppliers shall be allowed to submit applications for registration and amendments for listing on the CSD at any time and agree to the terms and conditions of the CSD.

Beaufort West Municipality will not do business with any supplier or service provider who is not registered on the Central Supplier

15. **Petty cash purchases**

(1) Petty Cash means a small amount of cash kept on hand for incidental purchases of low value goods and services in line with the standard operating procedure approved by the Chief Financial Officer.

(2) The petty cash purchases will be applicable to a transaction value up to R2000



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- (3) The Chief Financial Officer will request reconciliations on a monthly basis from the various departments for petty cash purchases made in respect of this policy Database (CSD).
- (4) Imprest will not be updated until applicable reconciliation is performed
- (5) Only one quotation has to be obtained when procuring goods or services to a value equal to, or lesser than the petty cash threshold.

16. Written quotations

Section 16 of SCM regulations is deleted with the new 14 December 2023 Supply Chain Regulations

17. Formal written price quotations

The requirements of the procurement of goods or services through formal written quotations are —

1. Range: R2001 — R30 000

- (i.) Quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality;
 - (ii.) Quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria if applicable to the relevant range of procurement in the supply chain management policy required by paragraph 14(1)(b) and (c);
 - (iii.) If it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
 - (iv.) The names of the potential providers and their written quotations must be recorded.
2. A designated official referred to in subparagraph (1)(c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

18. Procedures for procuring goods or services through formal written price quotations

A supply chain management policy must determine the procedure for the procurement of goods or services through formal written price quotations, and must stipulate-

- a) that all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and an official notice board of the Municipality;
- b) when using the list of accredited prospective providers, the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
- c) the accounting officer must take reasonable steps to ensure that the procurement of goods and services through formal written price quotations is not abused.
- d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all formal written price quotations accepted by an official acting in terms of a sub-delegation;



- e) offers below R30 000 (VAT included) must be awarded based on compliance to specification and conditions of contract, ability and capability to deliver the goods and services and lowest price;
- f) acceptable offers, which are subject to the preference points system, must be awarded to the bidder who scored the highest points;
- g) the Municipality will maintain a proper record keeping system; and
- h) offers received must be evaluated by a senior SCM practitioner and the relevant project manager of the user department on a comparative basis taking into account unconditional discounts; will
- i) the director of the user department will be the final approval authority on all for all formal quotations

19. Competitive bids

A supply chain management policy must specify-

(a) that goods or services, construction works, or consultant services above a transaction value of R 300 000 (VAT included) and any contract exceeding one year (long term contracts) must only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.

(b) that no requirement for goods or services, or consultant services above an estimated transaction value of R 300 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

20. Process for competitive bidding

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

- (a) compilation of bidding documentation as detailed in paragraph 21;
- (b) public invitation of bids as detailed in paragraph 22;
- (c) site meetings or briefing sessions as detailed in paragraph 22;
- (d) handling of bids submitted in response to public invitation as detailed in paragraph 23;
- (e) evaluation of bids as detailed in paragraph 28;
- (f) award of contracts as detailed in paragraph 29;
- (g) administration of contracts;
- (h) after approval of a bid, the accounting officer and the bidder must enter into a written agreement;
- (i) proper record keeping;
- (j) original/legal copies of written contracts agreements should be kept in a secure place for reference purposes.



21. Bid documentation for competitive bids

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

- (a) take into account —
 - (i.) the general conditions of contract and any special conditions of contract, if specified;
 - (ii.) any Treasury guidelines on bid documentation;
- (b) include the preference points system to be used, goals as transaction contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the for which the bid is submitted;
- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish—
 - (i.) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements
 - (aa) for the past three years; or
 - (bb) since their establishment if established during the past three years;
 - (ii.) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii.) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv.) a statement indicating whether any portion of the goods or services re expected to be sourced from outside the Republic, and if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
- (e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

22. Public invitation for competitive bids

- (1) The procedure for the invitation of competitive bids, is as follows:
 - (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the Oudtshoorn Municipality and on the official notice boards or any other

appropriate ways (which may include an advertisement in the Government Tender Bulletin); and

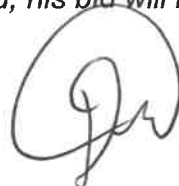
- (b) the information contained in a public advertisement/notice, must include
 - (i) the title of the proposed contract and the bid or contract reference number;
 - (ii) the closing date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long-term nature, a minimum of 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy — specific closing date and time for submission of bids;
 - (iii) bids must only be submitted on the bid documentation provided by the Municipality;
 - (iv) date, time and venue of any proposed site meetings or briefing sessions (*incl time when meeting will commence — if bidder arrives afterwards his bid will not be considered*);
 - (v) the place where the bid documentation is available for collection;
 - (i) the bid notice may require payment of a non - refundable deposit by bidders wanting to collect bid documents;
 - (ii) this deposit shall be determined by the Municipality's council tariffs from time to time; and
 - (viii) the place where bids must be submitted.
- (2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- (3) bids submitted must be sealed on which it 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.
- (4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

23. Procedure for handling, opening and recording of bids

- (1) The procedures for the handling, opening and recording of bids, are as follows: -
 - (a) Opening of bids, —
 - (i.) at the specified closing time on the closing date the applicable bid box shall be closed.
 - (ii) the bid box shall be opened in public as soon as practical after the closing time.

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- (iii) bids received after the closing time should not be considered and returned unopened immediately.
 - (iv) bids found to be inadvertently placed in the incorrect bid box will be redirected (prior to any of the bids being opened) provided that the applicable bids closed on the same day at the same time.
 - (v) immediately after the opening of the bid box, all bids shall be opened in public and checked for compliance.
 - (vi) the official opening the bids shall in all cases read out the name of the bidder and, if practical, the amount of the bid.
 - (vii) as soon as a bid or technical proposal has been opened the bid/proposal shall be stamped with the official stamps, and endorsed with the opening official's signature,
 - (viii) the name of the bidder, and where possible, the bid sum shall be recorded in a bid opening record kept for that purpose, and
 - (ix) the responsible official who opened the bid shall forthwith place his/her signature on the bid opening record and shall ensure that the bid opening record and the bid prices, where applicable, are made available for public inspection and are published on the Municipality's official website.
- (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
- (c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
- (d) The accounting officer must —
- (i.) record in a register all bids received in time;
 - (ii.) make the register available for public inspection;
 - (iii.) publish the entries in the register and the bid results on the website.
- (e) The bidder shall choose a *dom cilium citandi et executandi* in the Republic and unless notice of the change thereof has duly been given in writing, it shall be the address stated in the bid.
- (f) Site Inspections (site meeting), -
- (i) Site inspections, where applicable, will be compulsory.
 - (ii) If site inspections are to be held, full details must be included in the bid notice and it must be stated whether the inspection is compulsory or not *and time when meeting will commence — if bidder arrives after the briefing has been concluded, his bid will not be considered*).



(iii) Where site inspections are compulsory, the date for the site inspection shall be at least 14 days after the bid has been advertised and a certificate of attendance signed by the responsible agent must be submitted with the bid.

(g) Validity Periods

(i) The validity period will be calculated from the bid closure date and bids shall remain in force and binding for a period determined by the Bid Specification Committee aligned with the type of goods or services procured.

(ii) The period of validity may be extended by mutual consent in writing between the Municipality and the bidders.

(iii) Extension of Validity period-

1. Extensions must be done prior to the expiry date of the bid validity period;
2. When validity lapses the contractual obligation that the bidder accepted on signing the relevant bid documentation falls away, therefore when a bid expires there is nothing to extend;
3. It cannot be evaluated further and it must be cancelled and re-advertised;
4. Reasons for extensions of bids must be provided.
5. Extensions must be granted based on good reasons and it must be approved by the Supply Chain Manager;
6. All bidders must be notified in writing and submit their intentions to abide by the terms and conditions and participate further in the bid
7. Only those bidders who agree to the extension will be evaluated;
8. Second extensions will be limited to those bidders that responded the first time.
9. Once an extension is granted, proper planning has to be done to ensure that the process of evaluating and awarding bids is carried out before the expiry of a bid validity period.
10. If the escalation of prices for which provision is not already made in the bid documents, is regarded reasonable, it may be taken into account.
11. If a bidder should reduce his bid price, the reduction may be considered only if the bidder would have been the successful bidder without the reduction in any case. The case must be evaluated at the original price that he bid and successful, is accepted at the reduced price.
12. All bid extensions shall be advertised in the local media prior submission to the Bid evaluation and Bid adjudication committee.

(h) Samples

(i) Where samples are called for in the bid documents, samples (marked with the bid and item number as well as the bidder's name and address) shall

be delivered separately (to the bid) to the addressee mentioned in the bid documents by no later than the closing time of the bid.

- (ii) Bids may not be included in parcels containing samples.
- (iii) If samples are not submitted as required in the bid documents, then the bid concerned may be declared non-responsive.
- (iv) Samples shall be supplied by a bidder at his/her own expense and risk. The Municipality shall not be obliged to pay for such samples or compensate for the loss thereof, unless otherwise specified in the bid documents, and shall reserve the right to return such samples or to dispose of them at its own discretion.
- (v) If a bid is accepted for the supply of goods according to a sample submitted by the bidder, that sample will become the contract sample. All goods/materials supplied shall comply in all respects to that contract sample.

(i) Invalid Bids

(a) Bids shall be invalid, and shall be endorsed and recorded as such in the bid opening record by the responsible official appointed by the Manager: SCM to open the bid, in the following instances;

- (i) if the bid is not sealed;
- (ii) the bid is not submitted on the official form of bid I offer;
- (iii) if the bid is not completed in non-erasable ink;
- (iv) if in a two-envelope system, the bidder fails to submit both a technical proposal and a separate financial offer/bid.
- (v) Bids not submitted in the duly allocated tender boxes
- (vi) Where there is any alleged instruction for the submission of a bid to any location, person or box other than the designated tender box;

(j) Bid Sum

A bid will not necessarily be invalidated if the amount in words and the amount in figures do not correspond, in which case the amount in words shall be read out at the bid opening.

24. Negotiations with preferred bidders

(1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation —

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

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

25. Two-stage bidding process vs Two Envelope System

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

26. Committee system for competitive bids

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

27. Bid specification committees

- (1) A bid specification committee must compile the specifications for each procurement of goods or services by the Municipality.

- (2) Specifications —
 - (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;

 - (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;

 - (c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;

 - (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;

 - (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent";


 - (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2022;

 - (g) must be approved by the director of the department or delegated official prior to publication of the invitation for bids in terms of paragraph 22 of this Policy;

- (3) A bid specification committee must be composed of two or more officials of the Municipality preferably the manager responsible for the function involved, and may, when appropriate, include external and/or internal specialist advisors.

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

28. Bid evaluation committees

A handwritten signature in black ink, appearing to be 'J. du', is written over the bottom right portion of the page.

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- (1) A bid evaluation committee must —
 - (a) evaluate bids in accordance with —
 - (i) the specifications for a specific procurement; and
 - (ii) the points system set out in terms of paragraph 27(2)(f).
 - (b) evaluate each bidder's ability to execute the contract;
 - (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;
 - (d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.
- (2) A bid evaluation committee must as far as possible be composed of—
 - (a) officials from departments requiring the goods or services; and
 - (b) at least one supply chain management practitioner of the Municipality.
- (3) The responsible municipal official shall carry out a preliminary evaluation of all valid bids received and shall submit a bid evaluation report to the Bid Evaluation Committee for consideration.
- (4) Any evaluation of a bid shall consider the bids received and shall note for inclusion in the evaluation report, a bidder:
 - (i) whose bid does not comply with the provisions of *Section 38 of this Policy*;
 - (ii) whose bid does not comply with the provisions of *Section 13 of this Policy*;
 - (iii) whose bid is not in compliance with the specification;
 - (iv) whose bid is not in compliance with the terms and conditions of the bid documentation;
 - (v) whose bid does not comply with any minimum goals stipulated in terms of the Municipality's Preferential Procurement Policy;
 - (vi) who is not registered and verified on the Municipality's supplier database within seven days of the closing time for bids. In this regard bid documentation shall state that the responsibility for registration and verification rests solely with the bidder;
 - (vii) who has failed to submit a valid tax clearance certificate form from the South African Revenue Services (SARS) certifying that the taxes of the bidder are in order or that suitable arrangements have been made with SARS, and
 - (viii) who fails to comply with any applicable Bargaining Council agreements.
- (5) The SCM official responsible for scheduling of Bid Evaluation Committee meetings must verify the above SCM compliance check as per bid evaluation committee checklist and the chairperson of the committee must sign off on the latter.
- (6) Bids shall be evaluated according to the following as applicable:
 - (a) bid price (corrected if applicable and brought to a comparative level where necessary),



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- (b) the unit rates and prices,
 - (c) the bidder's ability to fulfill its obligations in terms of the bid documents,
 - (d) any qualifications to the bid,
 - (e) the bid ranking obtained in respect of Preferential Procurement as required by the Municipality's Preferential Procurement Policy,
 - (f) the financial standing of the bidder, including its ability to furnish the required institutional guarantee, where applicable,
 - (g) the chairperson of the Bid Evaluation Committee will sign off on the BEC checklist after verification of all applicable matters,
 - (h) any other criteria specified in the bid documents.
- (7) The Bid Evaluation Committee shall check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears.
 - (8) The evaluation of bids on an equitable basis may be considered during the evaluation process.
 - (9) Additional information or clarification of bids may be called for if required, but only in writing.
 - (10) Alternative bids may be considered, provided that a bid free of qualifications and strictly in accordance with the bid documents is also submitted. The Municipality shall not be bound to consider alternative bids.
 - (11) If a bidder requests in writing, after the closing of bids, that his/her bid be withdrawn, then such a request may be considered and reported in the bid evaluation report.
 - (12) If, after bids have been brought to a comparative level, two or more score equal total adjudication points, the recommended bidder shall be the one scoring the highest preference points for B-BBEE.
 - (13) If two or more bids are equal in all respects, the Bid Evaluation Committee shall draw lots to decide on the recommendation for award, or may, in the case of goods and services, recommend splitting the award proportionately, where applicable.
 - (14) All disclosures of conflict of interest shall be considered by the Bid Evaluation Committee and if the conflict of interest is of a material nature, this shall be reported to the Bid Adjudication Committee.
 - (15) All contracts may only be recommended for award to the preferred bidder after the budget office has verified in writing that budgetary provision exists for the acquisition of the goods, infrastructure projects and/or services.
 - (16) In the case where a two-envelope bidding process is followed, the Municipal Manager or applicable director must appoint the three independent evaluators for the technical evaluation (test for functionality) in writing and the appointment letters must be provided to the SCM office for audit purposes.
 - (17) Where bidders did not fully complete or signed documents that does not have a material effect on the bid result or outcome the evaluation committee can request in writing bidders to provide the completed information.

A handwritten signature in black ink, consisting of a large, stylized initial 'G' followed by a cursive name.

29. Bid adjudication committees

General

- (1) The Municipality shall not be obliged to accept any bid.
- (2) For goods and service bids, the Municipality shall have the right to accept the whole bid or part of the bid or any item or part of an item or accept more than one bid.

Bid Adjudication Committee

- (3) A bid adjudication committee must —
 - (a) consider the report and recommendations of the bid evaluation committee; and
 - (b) either —
 - (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
 - (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.
- (4) A bid adjudication committee must consist of at least four senior managers of the Municipality, which must include —
 - (a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
 - (b) at least one senior supply chain management practitioner who is an official of the Municipality and
 - (c) a technical expert in the relevant field who is an official, if such an expert exists.
- (5) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- (6) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (7) (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid—
 - (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears,

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- (ii) check whether bidder comply with Bid Evaluation (2), and
 - (iii) notify the accounting officer.
- (c) The accounting officer may —
 - (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
 - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (8) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- (9) The accounting officer must comply with section 114 of the Act within 10 working days
- (10) Cancellation of bids:
 - (a) 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.
 - (b) If bids have been cancelled, then all bidders must be notified by the relevant department in writing.
 - (c) It is not necessary to notify original bidders when calling for new bids, which will be advertised in accordance with clause 22(1)(a).
 - (d) Notwithstanding clause 29(8)(d), where no valid bids are received or where all bidders have indicated in writing that they have no objection to the re-advertisement of the bid, then the bid may be re-advertised forthwith.
 - (e) In the case of bids for construction related works, the policy for Infrastructure Procurement and Delivery Management must be consulted.
- (11) Notification of Decision
 - (a) If the Bid Adjudication Committee or other delegated official has resolved that a bid be accepted, the successful and unsuccessful bidders shall be notified in writing of this decision.
 - (b) The successful bidder shall, in addition, be advised of the 14 day objection period, and be notified that no rights accrue to him/her until the bid is formally accepted in writing.
 - (c) Every notification of decision shall be faxed or sent via electronic mail to the address chosen by the bidder, with a copy of proof of transmission kept for record purposes, or shall be delivered by hand, in which case acknowledgement of receipt must be signed and dated on a copy of such notification and kept for record purposes.

30. Procurement of banking services

- (1) A contract for banking services:
 - (a) must be procured through competitive bids;



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

31. Procurement of IT related goods or services

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

32 Procurement of goods and services under contracts secured by other organs of state

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



- (2) Subparagraphs (1)(c) and (d) do not apply if —
 - (a) a municipal entity procures goods or services through a contract secured by its parent municipality; or
 - (b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.
- (3) Where procurement in terms of regulation 32 is considered, the implementation must be done in terms of circular 96 of National Treasury.

33. Procurement of goods necessitating special safety arrangements

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

34. Proudly SA Campaign

- (1) The Municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:
 - (a) Firstly — suppliers and businesses within the municipality or district;
 - (b) Secondly — suppliers and businesses within the relevant province;
 - (c) Thirdly suppliers and businesses within the Republic of South Africa.

35. Appointment of consultants

- (1) The accounting officer may procure consulting services provided that any Treasury guidelines and the cost containment regulations in respect of consulting services or Construction Industry Development Board guidelines in respect of services related to the built environment and construction works are taken into account when such procurements are made.
- (2) Consultancy services must be procured through competitive bids if –
 - (a) the value of the contract exceeds R300 000 (VAT included); or
 - (b) the duration period of the contract exceeds one year.
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of —
 - (a) all consultancy services provided to an organ of state in the last five years; and



- (b) any similar consultancy services provided to an organ of state in the last five years.
- (4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the Municipality.
- 36. Deviation from, and ratification of minor breaches of, procurement processes**
- (1) The accounting officer may —
- (a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only —
 - (i) in an emergency (as per definition);
 - (ii) if such goods or services are produced or available from a single provider only;
 - (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (iv) acquisition of animals for zoos and/or nature and game reserves; or
 - (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
 - (vi) ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids; and
 - (b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties, which are purely of a technical nature.
- (2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.
- (3) All identified possible unauthorized, irregular and fruitless and wasteful expenditure must be referred to the Municipal Public Accounts Committee (MPAC) investigation and the MPAC makes recommendations to Council with the exception of minor breaches ratified by the accounting officer.
- (4) The following will be deemed not to be deviations from SCM processes:
- (i) Advertisements that are placed in National Government and Provincial Government Gazettes.



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- (ii) The acquisition of services of medical specialists as may be required from time to time and in terms of the Pension Funds Amendment Act, Act 65 of 2001 and related regulations and amendments.
- (iii) The procurement of newspapers for municipal libraries and other municipal offices.
- (iv) The acquisition of driving license cards from the service provider officially appointed by the National Department of Transport to issue such cards.

37. Unsolicited bids

- (1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- (2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if —
 - (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
 - (c) the person who made the bid is the sole provider of the product or service; and
 - (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- (3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with —
 - (a) reasons as to why the bid should not be open to other competitors;
 - (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
 - (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.
- (5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
- (6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.



- (7) When considering the matter, the adjudication committee must take into account —
- (a) any comments submitted by the public; and
 - (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- (8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- (9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the Municipality to the bid may be entered into or signed within 30 days of the submission.

38. Combating of abuse of supply chain management system

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

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- (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- (g) reject the bid of any bidder if that bidder or any of its directors —
 - (i) has abused the supply chain management system of the Municipality or has committed any improper conduct in relation to such system;
 - (ii) has been convicted for fraud or corruption during the past five years;
 - (iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - (iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
- (2) The accounting officer must appoint an independent official or external service provider (depending on the circumstances) to investigate findings against a bidder or contractor, its shareholders and directors, or only shareholders and directors;
 - (a) The bidder or person will be disqualified from the bidding process;
 - (b) The Municipality must recover all costs, losses or damages it has suffered as a result of that person's conduct;
 - (c) The Municipality will cancel the contract and claim any damages which it has suffered as a result of having to make less favorable arrangements due to such cancellations;
 - (d) The Municipality will restrict the bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis from obtaining the contract/ bid; and
 - (e) The matter will be forwarded for criminal prosecution.
- (3) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.
- (4) The Accounting Officer 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:
 - (a) councillors in contravention of item 5 or 6 of the Code of Conduct for Councillors in schedule 1 of the Systems Act (Annexure D); or
 - (b) 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 (Annexure E).



Part 3: Logistics, Disposal, Risk and Performance Management

39. Logistics management

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

- (a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- (b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- (d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- (e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- (f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- (g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.
- (h) Snr SCM Practitioner Logistics to perform quarterly stock take of all inventory.

40. Disposal management

- (1) This Policy gives effect to:
 - (a) Regulation 40 of the Supply Chain Management Regulations which requires an effective system for the disposal of letting of assets including unserviceable, redundant or obsolete assets, and
 - (b) the Municipal Asset Transfer Regulations; and



- (c) 14 and 90 of the MFMA and any other applicable legislation.
- (2) Cognisant of the provisions of the Municipal Asset Transfer Regulations the disposal of assets must—
- (a) be by one of the following methods —
 - (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
 - (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
 - (iii) selling the asset; or
 - (iv) destroying the asset;
 - (b) provided that —
 - (i) immovable property may be sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
 - (ii) movable assets may be sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
 - (iii) in the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within 30 days whether any of the local schools are interested in the equipment; and
 - (iv) in the case of the disposal of firearms, the National Conventional Arms Control Committee has approved any sale or donation of firearms to any person or institution within or outside the Republic;
 - (d) furthermore, ensure that —
 - (i) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise; and
 - (ii) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed; and ensure that where assets are traded in for other assets, the highest possible trade-in price is negotiated.

41. Risk management

- (1) The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system in accordance with Risk Management Policy of the Municipality, are as follows:
- (2) Risk management must include —
 - (a) the identification of risks on a case-by-case basis;
 - (b) the allocation of risks to the party best suited to manage such risks;
 - (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;

- (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
- (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

42. Performance Monitoring

- (1) The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.
- (2) Performance management shall accordingly be characterised by a monitoring process and retrospective analysis to determine whether:
 - (a) value for money has been attained;
 - (b) proper processes have been followed;
 - (c) desired objectives have been achieved;
 - (d) there is an opportunity to improve the process;
 - (e) suppliers have been assessed and what that assessment is; and
 - (f) there has been deviation from procedures and, if so, what the reasons for that deviation are.

Part 4: Other matters

43. Ethical standards

- (1) A code of ethical standards as set out in [subparagraph (2) / the "*National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management*" is hereby established for officials and other role players in the supply chain management system of the Municipality in order to promote-
 - (a) mutual trust and respect; and
 - (b) an environment where business can be conducted with integrity and in a fair and reasonable manner.
- (2) An official or other role player involved in the implementation of this Policy—
 - (a) must treat all providers and potential providers equitably;
 - (b) may not use his or her position for private gain or to improperly benefit another person;
 - (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R 350;
 - (d) notwithstanding subparagraph (2) (c), must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or



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granted to that person or to any close family member, partner or associate of that person;

- (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the Municipality
 - (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
 - (g) must be scrupulous in his or her use of property belonging to the Municipality;
 - (h) must assist the accounting officer in combating fraud, corruption, favoritism and unfair and irregular practices in the supply chain management system; and
 - (i) must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including —
 - (i) any alleged fraud, corruption, favoritism or unfair conduct;
 - (ii) any alleged contravention of paragraph 47(1) of this Policy; or
 - (iii) any alleged breach of this code of ethical standards.
- (3) Declarations in terms of subparagraphs (2)(d) and (e) -
- (a) must be recorded in a register, which the accounting officer must keep for this purpose;
 - (b) by the accounting officer must be made to the mayor of the municipality who must ensure that such declarations are recorded in the register.
- (4) The National Treasury's code of conduct must be adhered to by supply chain management practitioners and other role players involved in supply chain management.
- (5) A breach of the code of ethics must be dealt with as follows (schedule 2 of the Systems Act) -
- (a) in the case of an employee, in terms of the disciplinary procedures of the Municipality envisaged in section 67(1)(h) of the Municipal Systems Act;
 - (b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
 - (c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.
 - (d) All cases of non-compliance to this Policy should be reported to the Accounting Officer.

44. Inducements, rewards, gifts and favours to municipalities, officials and other role players

- (1) No person who is a provider or prospective provider of goods or services, or a



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recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant—

- (a) any inducement or reward to the Municipality for or in connection with the award of a contract; or
 - (b) any reward, gift, favour or hospitality to —
 - (i) any official; or
 - (ii) any other role player involved in the implementation of this Policy.
- (2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

45. Sponsorships

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

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

46. Objections and complaints

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

47. Resolution of disputes, objections, complaints and queries

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



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- (2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- (3) The person appointed must —
 - (a) strive to resolve promptly all disputes, objections, complaints or queries received; and
 - (b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.
- (4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if —
 - (a) the dispute, objection, complaint or query is not resolved within 60 days; or
 - (b) no response is forthcoming within 60 days.
- (5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.
- (6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

48. Contracts providing for compensation based on turnover

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

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

49. Contracts Having Budgetary Implications beyond Three Financial Years

The Municipality may not enter into any contract that will impose financial obligations beyond the three years covered in the annual budget for that financial year, unless the requirements of section 33 of the Municipal Finance Management Act have been fully complied with.

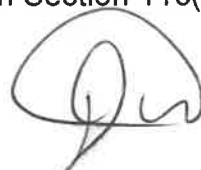
50. Contract Administration

- (1) Contract administration includes all administrative duties associated with a contract that has arisen through one of the acquisition/procurement processes described in this policy.
- (2) All contracts must be administered by a contract manager, who will be an internal official assigned to ensure the effective administration of the contract.



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- (3) The contract manager will typically be the internal project manager assigned to the project as a whole, but may also be a cost centre owner or other responsible official.
- (4) A contract manager must be assigned to each contract and, where possible, should be involved from the earliest stages of the acquisition process.
- (5) The contract manager's duties and powers shall be governed by the conditions of contract and the general law.
- (6) In administering a contract, the contract manager will be required to form opinions and make decisions which, while in the Municipality's best interests, must be fair to all parties concerned.
- (7) Departmental Heads (Directors) shall be responsible for ensuring that contract managers:
 - (a) are assigned to all contracts within the Department Head's area of responsibility;
 - (b) are adequately trained so that they can exercise the necessary level of responsibility in the performance of their duties.
- (8) The contract manager must:
 - (a) ensure that all the necessary formalities in signing up of legally sound contracts and/or issuing the purchase order(s) are adhered to related to goods and services
 - (b) ensure that legally sound contracts for CIDB related procurement are provided to SCM who will obtain the signature of the Municipal Manager;
 - (c) ensure that all original contract documentation is lodged with the Supply Chain Management Department for record purposes;
 - (d) monitor the performance of the contractor in order to ensure that all of the terms and conditions of the contract are met;
 - (e) where necessary, take appropriate action where a contractor is underperforming or is in default or breach of the contract;
 - (f) submit a report with relevant proof of the breaches of the contract to the Senior Manager: Legal Services for initiating appropriate action if remedies addressed in agreement with the contractor or service provider cannot be resolved;
 - (g) inform the SCM Unit of the breaches referred to the Senior Manager: Legal Service for record purposes;
 - (h) where appropriate, authorise payments due in terms of the contract by processing payment certificates (if applicable),
 - (i) manage contract variations or change procedures;
 - (j) administer disputes where necessary, in terms of this policy and the applicable Conditions of Contract;
 - (k) conduct, if necessary, post contract reviews;
 - (l) maintain adequate records (paper and/or electronic) in sufficient detail on an appropriate contract file to provide an audit trail;
 - (m) act with care and diligence and observe all accounting and legal requirements;
 - (n) periodically review contracts or agreements once every three years in the case of a contract or agreement awarded for longer than three years and provide a report to SCM in compliance with Section 116(1)(b)(iii) of the MFMA.




51. Performance Management

- (1) In the case of goods and services supplied in response to a quotation or deviation invited by the section of the Municipality which requested the goods or service must certify on the supplier's invoice that the goods or service had been supplied in accordance with the Municipality's requirements before payment is made.
- (2) The appointed contract manager which required the goods or a service in terms of a competitive bidding process must ensure that the goods had been delivered or the service completed according to the Municipality's quality and other requirements as specified in the relevant bid documentation.
- (3) In the case of goods or services procured through a tender process as specified in terms of paragraph 19 of this Policy, the Director must provide a written report on a monthly basis on all bids awarded, whether it is a progress report or a report of completion per supplier per tender before the 10th working day of each month.
- (4) The monthly report must include items listed in paragraph 50(8) in terms of-
 - (a) whether or not the performance of the supplier was satisfactory in terms of adherence to specifications and delivery or completion schedules,
 - (b) level of product or service quality and/or quality of workmanship;
 - (c) details, supported by copies of any written notifications regarding service delivery given to the supplier;
 - (d) a recommendation, if applicable, on any further action to be taken against the supplier in terms of paragraph 38 of this Policy.

52. MANAGEMENT OF EXPANSION OR VARIATION OF ORDERS AGAINST THE ORIGINAL CONTRACT

- (1) Contracts may be expanded or varied by not more than 20% for construction related goods, services and/or infrastructure projects and 15% for all other goods and/or services of the original value of the contract.
- (2) Variation orders must be recorded in the contract register.
- (3) Variation orders must be dealt with in terms of system of delegations of the Municipality.
- (4) 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) The contents of paragraph (5) are not applicable to transversal term contracts, facilitated by the relevant treasuries on behalf of municipalities and specific term contracts. The latter refers to orders placed as and when commodities are required and at the time of awarding contracts, the required quantities were unknown.



53. Application of Preferential Procurement points System in terms of the PPPFA Act 2022 and Oudtshoorn Municipality Preferential Procurement Policy 2023.

That the Preferential Procurement Point system will be applied in line with the Preferential Procurement Regulations No. 47452, dated 4 November 2022. Effected from 16 January 2023 in all procurement processes of the municipality.

54. THE SUSPENSION OF SERVICE PROVIDERS FOR POOR PERFORMANCE AND OTHER BREACHES

- (1) Any failure to fulfil the deliverables in line with the contract or service levels constitutes a material breach or poor performance which will result in the termination of the contract and/or sanctions will be imposed in the form of suspension from the database.
- (2) Such sanctions will have variation in the periods of suspension based on the gravity of the breach.
- (3) The municipality must consider imposing following sanctions, subject to sub-clause (2) above:
 - (a) 6 months for non-declarations of relative/spouse within the municipality;
 - (b) 12 months for misleading information provided to the municipality; and
 - (c) 24 months for certain or above a certain threshold value based.
 - (d) All the above will be applicable based on the gravity of the poor performance and will be analysed on a case by case-by-case basis coordinated by the Contract Management Section.

55. Commencement

This reviewed policy will take effect on adoption by Council.

A handwritten signature in black ink, appearing to be a stylized 'G' or 'Q' followed by a flourish.

OBJECTIVES

1. The Municipality intends to use procurement policy as a tool to achieve certain objectives such as:
 - a) The promotion of economic growth
 - b) Improving the quality and reach of service provision
 - c) Improving the socio-economic well-being of all its citizens

2. With this in mind, the Preferential Procurement Policy seeks to: -
 - (a) give effect to legislation as set out above;
 - (b) ensure that public funds are spent in such a way that all segments of the South African population benefit from such expenditure.
 - (c) address the imbalances of the past through the procurement processes of the municipal structures;
 - (d) strike a balance between empowering Black owned businesses and value for money procurement;
 - (e) stimulate and promote local economic development; and
 - (f) promote small and emerging business, especially locally based enterprises within the Beaufort West Municipal boundaries, Central Karoo District and Western Cape Provincial boundaries
 - (g) obtain the best services and products at the most competitive prices within the framework of existing legislation applicable to procurement.
 - (h) address the past imbalances through the redistribution of the sale and letting of land
 - (i) eliminate and counter any form of corruption;
 - (j) implement systems of control and accountability and standardize procedures of bid evaluations, documentation and contracts
 - (k) ensure that effective systems are in place to monitor, report and support the procurement of goods and services
 - (l) obtain value for money as and when goods and services are procured



PREFERENTIAL PROCUREMENT

Giving Effect to Objectives of Preferential Procurement Policy of Beaufort West Municipality 2023

In order to give effect to the objectives of this policy, the Municipality supports measures to make the tender process more accessible to Black owned businesses.

Content of Tender Documents

For contracts in excess of R 200 000 formal tenders must be called for. The Municipality tender documents shall, over and above the tender detail and specifications as well as the general Conditions of Tender, also contain the following stipulations: -

- (a) that the evaluation of tenders is not based on price alone;
- (b) that the tender be evaluated in terms of the Municipality supply chain management policy;
- (c) the specific preferential point system that may apply regarding the 80/20 system for tenders with a Rand value of up to R50 000 000; and the 90/10 system for tenders with a Rand value above R50 000 000;
- (d) that the Municipality reserves the right not to allocate a tender to the highest scoring tenderer (refer PPPFA Policy 2023 section 11) or not to allocate the tender at all and the Municipality also reserves the right to allocate parts of a tender to different suppliers;
- (e) the requirement for tenderers to complete a declaration containing particulars that will be taken into account when the tender is considered, which form must be certified as true and correct;
- (f) a warning that punitive measures will be taken should it be determined that preference has been obtained by a tenderer based on false information.



ANNEXURE C: CODE OF CONDUCT FOR SCM ROLE PLAYERS**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.

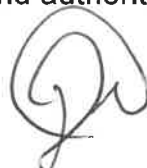
The **purpose** of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner.

1 General Principles

The municipality commits itself to a policy of fair dealing and integrity in the conducting of its business.

Officials and other role players involved in supply chain management (SCM) are in a position of trust, implying a duty to act in the public interest. Officials and other role players should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.

- 1.1 Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly.
- 1.2 Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.



2 Conflict of interest

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

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

3 Accountability

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

3.2 Practitioners should use public property scrupulously.



- 3.3 Only accounting officers or their delegates have the authority to commit the municipality to any transaction for the procurement of goods and / or services.
- 3.4 All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.

Practitioners must assist the accounting officer in combating fraud, corruption, favoritism and unfair and irregular practices in the supply chain management system. Practitioners must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including

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

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

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

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.

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; or
 - 6.4.2 amend or tamper with any price quotation I bid after its submission.

7 Combative Practices

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

- (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 I contractors whose names appear on the Register for Tender Defaulters.



8 POLICY MANAGEMENT

This policy shall be called the Supply Chain Management Policy of Beaufort West Municipality and take effect on 1 July 2024.

Version: **Revision 2**

Date: **21 May 2024**

Signature: 

Date: 21.05.2024

Municipal Manager (Accounting Officer)