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8/11/23

**MUNISIPALITEIT - MUNICIPALITY - UMASIPALA-WASE  
BEAUFORT-WES/BEAUFORT WEST/BHOBHOFOLO**

KANTOOR VAN DIE DIREKTEUR: FINANSIËLE DIENSTE

OFFICE OF THE DIRECTOR: FINANCIAL SERVICES

Rig asseblief alle korrespondensie aan die Munisipale Bestuurder/Kindly address all correspondence to the Municipal Manager/Yonke imbalelwano mayithunyelwe kuMlawuli kaMasipala

Verwysing  
Reference  
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6970

**MEMORANDUM TO THE MUNICIPAL MANAGER****SUPPLY CHAIN MANAGEMENT IMPLEMENTATION REPORT FOR 4<sup>TH</sup> QUARTER- 01 APRIL UNTILL 30 JUNE 2025****1. EXECUTIVE SUMMARY**

In terms of paragraph 6.3 of Council's Supply Chain Management Policy, the Accounting Officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor of the municipality.

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

In terms of paragraph 13 (f) Council's Supply Chain Management Policy awards given to close family members or persons in the service of the state, above R2 000, should be disclosed in the notes to the Annual Financial Statements. During the 4<sup>th</sup> quarter of 2024/2025 financial year awards amounting to **R 124 448,03** were made by the municipality to people whose close family members are in the service of the state, see **Annexure A** for details.

**3. MONTHLY REPORT ON DEVIATIONS AND MINOR BREACHES**

The Supply Chain Management Policy states in Paragraph 36:

"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;

(ii) 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;

There were **5** deviations approved by the Accounting Officer during the 4<sup>th</sup> quarter. The total amount of these deviations was **R 244 602,65** see **Annexure B** for details.

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#### **4. AWARDS OF COMPETITIVE BIDS AND FORMAL QUOTATIONS IN TERMS OF SUB-DELEGATIONS**

In terms of Section 5(3), an official or bid adjudication committee to which the power to make final awards has been sub-delegated must within five days of the end of each month submit to the accounting officer a written report containing particulars of each final award made by such official or committee during that month.

The Municipal Manager has sub-delegated the power to award Competitive Bids to the Bid Adjudication Committee and Formal Written Price Quotations to the Heads of Departments. There were 5 awards made in terms of these sub-delegations by Bid Adjudication Committee, R 12 768 644,10 and 2 awards by Head of Department which amount to R 412 111,19 and the details of these awards are attached as **Annexure C**.

#### **5. CONTRACT MANAGEMENT**

In terms of the section 116(2) (b) of the MFMA, the accounting officer of a municipality or municipal entity must-

- (a) take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity is properly enforced;
- (b) monitor on a monthly basis the performance of the contractor under the contract or agreement;
- (c) establish capacity in the administration of the municipality or municipal entity—
  - (i) to assist the accounting officer in carrying out the duties set out in paragraphs (a) and (b); and
  - (ii) to oversee the day-to-day management of the contract or agreement; and
- (d) regularly report to the council of the municipality or the board of directors of the entity, as may be appropriate, on the management of the contract or agreement and the performance of the contractor.

Updated Contract register for 2024/2025 financial year are attached as **Annexure D** for perusal.

#### **6. IRREGULAR EXPENDITURE**

In terms of section 1 of the MFMA Circular No 68, Irregular expenditure is defined in section 1 of the MFMA as follows:

“Irregular expenditure”, in relation to a municipality or municipal entity, means—

- (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
- (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- (d) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- (e) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality’s by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of “unauthorised expenditure”.

During the quarter under review the municipality incurred irregular expenditure amounting to R 990 201,68 as a result of contracts that were used though they have already expired, see **Annexure E** for details.

## **7. SUPPLY CHAIN MANAGEMENT AND INFRASTRUCTURE PROCUREMENT POLICIES**

In terms of SCM Regulations section 3 the Accounting officer must review annually the implementation of the SCM Policy and when the Accounting Officer considers it necessary, submit proposals for the amendment of this Policy to the Council. Policy was reviewed see amended SCM Policy per **Annexure F** for details.

In order to establish a common approach to infrastructure delivery across all organs of state, the Standard for Infrastructure Procurement and Delivery Management (SIPDM) was issued for municipalities and communicated in MFMA Circular 77. MFMA Circular 106 was issued to replace Circular 77. See amended Infrastructure Policy as **Annexure G** for details.

## **8. SCM BID DOCUMENTS TARRIFF**

We hereby request Council to approve the increase of tariffs for the issue and printing of Formal quotations and bid documents with 6% as follows:

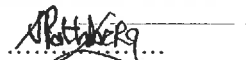
- ❖ Formal quotation document current tariff is R150 new tariff **R160,00**
- ❖ Competitive bids current R250 and new tariff **R265,00**
- ❖ Construction Contracts current tariff is R350 and new tariff **R371,00**

## **9. LOGISTICS MANAGEMENT**

We had our annual inventory count of the end of financial year on 28 June 2025. As at 30 June 2025, the value of inventory at the municipal stores amounted to **R 3 786 004.45** for the 2024/25 financial year no surpluses, no deficits and no damaged stock items were reported.

## **10. PUBLICATION OF SCM REPORT**

In terms of Section 21(a) of the Systems Act the report must also be advertised in the local media and placed on Council's notice boards and website.



**Prepared by: Mrs. S.A Pothberg**  
**Practitioner: Supply Chain Management**



**Reviewed: Mr. B Jacobs**  
**Acting Director: Financial Services**

BEAUFORT WEST MUNICIPALITY						
Annexure B - Deviations awarded for the 4th Quarter - 01 April - 30 June 2025						
Applicable Paragraph in SCM Policy	Supplier	Amount	Date	Reference	Directorate	Reason for Deviation
(a) Emergency	Peninsula Water Treatment and Engineering	R 10,269.50	25/11/2024	ORD-11626		The chlorine regulators at the Water treatment work became faulty. The regulators play a critical role in ensuring that sav portable water is supplied to the consumers. Chlorine as a disinfecting ensure that no microbiological grows can take place in the final water. Therefore the regulators was send to Peninsula Water Treatment and Engineering to provide a strip quotation to repair the regulators.
	Irah Construction	R 16,200.00	11/6/2025	ORD-12295	Infrastructure	On 19 May 2025 the engineering department was informed of a sewerage blocked on the main sewerage line collecting all sewerage from Di Barrake and Hospitaal Huelwel. The blockage caused large volumes of sewerage to overflow in erven situated in the Barrake and at the hostel in Thomson Street. The sewerage team was not able to relief the blockage as there were large number of rocks in the sewer line.
	Quidity	R 11,845.00	25/04/2025	P104/25/00039402/2024-2025		Quidity CC which is an Administrator system that the Beaufort West Municipality use at Corporate Services which was was procured prior the implementation of Supply Chain Management Regulations. Quidity is the holder of the licensing rights to this application and is the sole and only company that provides monthly support.
		R 11,845.00	22/05/2025	P105/22/00039695/2024-2025	Corporate Services	
(b) Sole Supplier		R 11,845.00	26/06/2025	P106/26/00040144/2024-2025		
	Office Technology Brokers				Finance	The purpose of this submission is to seek approval for an emergency procurement related to sole supplier of Franking machine cartridge from Office Technology Brokers. The Municipality rents the machine from the Office Technology Brokers and it was determined that only a sealed cartridge may be inserted from their workshop. They are the only company that can supply us with this kind of cartridges. The municipality rents the machine from firm and it insists that only a sealed cartridge may be inserted from their workshop. They are the only company that can supply us with the cartridges.
(d)(vi)	Beaufort West Auto Electrical	R 172,340.15	12/11/2024	ORD-11567		CZ3697 broke down on The N1 and needed to towed to Beaufort West. Inspecting was done by the Acting Fleet Manager and it was determined that the engine was faulty, the engine was removed from the truck and send for a strip and quote to initiate the repair. It is impossible to obtain more than 1 strip quote as alot of time and labour is spent to disabled the engine to do all inspections to assess the damage.
	J& E Communications	R 5,284.25	15/01/2025	ORD-11734	Infrastructure	5 Radios f the water and sewerage network team was send for a strip quotation to J & E Communication. The radios were procured from them and is Impractical to send to different service providers to disemble and find fault to repair.
(d)(vi)			10/4/2025	ORD-12054		
TOTAL AMOUNT OF DEVIATIONS		R 244,602.65				
TOTAL QUANTITY DEVIATION		6				



## **Beaufort West Municipality**

### **DRAFT INFRASTRUCTURE PROCUREMENT AND DELIVERY MANAGEMENT POLICY FOR 2025/2026 FINANCIAL YEAR**

**ADOPTED ON ..... 2025**

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## 1. Scope

This policy establishes the Beaufort West Municipality's policy for infrastructure procurement and delivery management in accordance with the provisions of the regulatory frameworks for procurement and supply chain management and will only be applicable for bids in excess of R 50 Million Vat Incl, depending on the ability of Beaufort West Municipality to implement the content of the Framework and policy, only those parts that are practically implementable will be applied. The proper assessments will be done accordingly.

It includes the procurement of goods and services necessary for a new facility to be occupied and used as a functional entity but excludes:

- a) the storage of goods and equipment following their delivery to Beaufort West Municipality which are stored and issued to contractors or to employees;
- b) the disposal or letting of land;
- c) the conclusion of any form of land availability agreement;
- d) the leasing or rental of moveable assets; and
- e) public private partnerships.

## 2. Terms, definitions and abbreviations

### 2.1 Terms and definitions

For the purposes of this document, the definitions and terms given in the standard and the following apply:

**agent:** person or organization that is not an employee of Beaufort West Municipality that acts on the Beaufort West Municipality's behalf in the application of this document

**authorised person:** the Municipal Manager or chief executive or the appropriately delegated authority to award, cancel, amend, extend or transfer a contract or order

**conflict of interest:** any situation in which:

- a) someone in a position of trust has competing professional or personal interests which make it difficult for him to fulfil his duties impartially,
- b) an individual or organization is in a position to exploit a professional or official capacity in some way for his personal or for corporate benefit, or
- c) incompatibility or contradictory interests exist between an employee and the organization which employs that employee

**contract manager:** person responsible for administering a package on behalf of the employer and performing duties relating to the overall management of such contract from the implementer's point of view

**family member:** a person's spouse, whether in a marriage or in a customary union according to indigenous law, domestic partner in a civil union, or child, parent, brother, sister, whether such a relationship results from birth, marriage or adoption

**framework agreement:** an agreement between an organ of state and one or more contractors, the purpose of which is to establish the terms governing orders to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged

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

**gateway review:** an independent review of the available information at a gate upon which a decision to proceed or not to the next process is based

**gratification:** an inducement to perform an improper act

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

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

**maintenance:** the combination of all Infrastructure and associated administrative actions during an item's service life to retain it in a state in which it can satisfactorily perform its required function

**operation:** combination of all Infrastructure, administrative and managerial actions, other than maintenance actions, that results in the item being in use

**order:** an instruction to provide goods, services or any combination thereof under a framework agreement

**organ of state:** an organ of state as defined in section 239 of the Constitution of the Republic of South Africa

**procurement document:** documentation used to initiate or conclude (or both) a contract or the issuing of an order

**principal:** a natural person who is a partner in a partnership, a sole proprietor, a director a company established in terms of the Companies Act of 2008 (Act No. 71 of 2008) or a member of a close corporation registered in terms of the Close Corporation Act, 1984, (Act No. 69 of 1984)

**standard:** the latest edition of the Standard for Infrastructure Procurement and Delivery Management as published by National Treasury

**working day:** any day of a week on which is not a Sunday, Saturday or public holiday

## **2.2 Abbreviations**

For the purposes of this document, the following abbreviations apply

CIDB: Construction Industry Development Board

SARS: South African Revenue Services

## **3 General requirements**

### **3.1 Delegations**

**3.1.1** The council of Beaufort West Municipality hereby delegates all powers and duties to the Municipal Manager which are necessary to enable the Municipal Manager to:

- a) discharge the supply chain management responsibilities conferred on accounting officers in terms of Chapter 8 or 10 of the Local Government Municipal Finance Management Act of 2003 and this document;
- b) maximise administrative and operational efficiency in the implementation of this document;
- c) enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this document; and



- d) comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Local Government Municipal Finance Management Act of 2003 Act.

**3.1.2** No departure shall be made from the provisions of this policy without the approval of the Municipal Manager of Beaufort West Municipality

**3.1.3** The Municipal Manager shall for oversight purposes:

- a) within 30 days of the end of each financial year, submit a report on the implementation of this the policy and the equivalent policy of any municipal entity under the sole or shared control of the Beaufort West Municipality, to the council of the Beaufort West Municipality.
- b) whenever there are serious and material problems in the implementation of this policy, immediately submit a report to the council, who must then submit the report to the Municipal Manager of Beaufort West Municipality for submission to the council;
- c) within 10 days of the end of each quarter, submit a report on the implementation of the policy to the; and
- d) make the reports public in accordance with section 21A of the Municipal Systems Act of 2000.

**3.2 Implementation of the Standard for Infrastructure Procurement and Delivery Management**

**3.2.1** Infrastructure procurement and delivery management shall be undertaken in accordance with the all applicable legislation and the relevant requirements of the latest edition of the National Treasury Standard for Infrastructure Procurement and Delivery Management.

**3.3 Supervision of the infrastructure delivery management unit**

The Infrastructure Delivery Management Unit shall be directly supervised by the Director Infrastructure Services as delegated in terms of section 82 of the MFMA.

**3.4 Objections and complaints**

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

**3.5 Resolution of disputes, objections, complaints and queries**

**3.5.1** The *Municipal Manager* shall appoint an independent and impartial person, not directly involved in the infrastructure delivery management processes to assist in the resolution of disputes between the *Beaufort West Municipality* and other persons regarding:

- a) any decisions or actions taken in the implementation of the supply chain management system;
- b) any matter arising from a contract awarded within the *Beaufort West Municipality* infrastructure delivery management system; or
- c) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

**3.5.2** The *Director Infrastructure services* shall assist the person appointed in terms of 3.5.1 to perform his or her functions effectively.

**3.5.3** The person appointed in terms of 3.5.1 shall:

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

**3.5.4** A dispute, objection, complaint or query may be referred to the *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.

**3.5.5** 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.

## **4 Control framework for infrastructure delivery management**

### **4.1 Assignment of responsibilities for approving or accepting end of stage deliverables**

The responsibilities for approving or accepting end of stage deliverables shall be as stated in Table 1.

## 4.2 Gateway reviews

### 4.2.1 Gateway reviews for major capital projects above R50 Million Rand (Vat. Inclusive)

**4.2.1.1** *Municipal Manager* shall appoint a gateway review team in accordance with the provisions of clause 4.1.13.1.2 of the standard to undertake gateway reviews for major capital projects above R50 Million (Vat Included).

**4.2.1.2** The requirements for a gateway review in addition to those contained in section 4.1.13 of the standard are as follows:

**Table 1: Responsibilities for approving or accepting end of stage deliverables in the control framework for the management of infrastructure delivery**

Stage			Person assigned the responsibility for approving or accepting end of stage deliverables
No	Name		
0	Project initiation		<i>Director of department</i> accepts the initiation report
	Concept and viability		<i>Director Infrastructure Services</i> accepts the concept report
5	Design development		<i>Director Infrastructure Services</i> accepts the design development report
6	Design documentation	6A Production information	<i>Director Infrastructure Services</i> accepts the parts of the production information which are identified when the design development report is accepted as requiring acceptance
		6B Manufacture, fabrication and construction information	The Director accepts the manufacture, fabrication and construction information.

Stage		Person assigned the responsibility for approving or accepting end of stage deliverables
No	Name	
7	Works	The project manager/Director certifies completion of the works or the delivery of goods and associated services
8	Handover	The owner or end user accepts liability for the works (Project Manager)
9	Package completion	The project manager/director or supervising agent certifies the defects certificate in accordance with the provisions of the contract The project manager certifies final completion in accordance with the provisions of the contract <i>Project manager</i> accepts the close out report

## **5 Control framework for infrastructure procurement**

**5.1** The responsibilities for taking the key actions associated with the formation and conclusion of contracts including framework agreements above the quotation threshold shall be as stated in Table 2.

**5.2** The responsibilities for taking the key actions associated with the quotation procedure and the negotiation procedure where the value of the contract is less than the threshold set for the quotation procedure shall be as follows:

- a) *The Bid Specification Committee* shall grant approval for the issuing of the procurement documents, based on the contents of a documentation review report developed in accordance with the provisions of the standard;
- b) the Bid Adjudication Committee may award the contract if satisfied with the recommendations contained in the evaluation report prepared in accordance with the provisions of the standard or alternatively make a recommendation to the Municipal Manager to award if the value exceeds R10 million.

**5.3** The responsibilities for taking the key actions associated with the issuing of an order in terms of a framework agreement shall be as stated in Table 3.

## **6 Infrastructure delivery management requirements**

### **6.1 Institutional arrangements**

#### **6.1.1 Committee system for procurement**

##### **6.1.1.1 General**

**6.1.1.1.1** A committee system comprising the Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee shall be applied to all procurement procedures where the estimated value of the procurement exceeds the financial threshold for quotations and to the putting in place of framework agreements.

**6.1.1.1.2** The Bid Evaluation Committee shall, where competition for the issuing of an order amongst framework contractors takes place and the value of the order exceeds the financial threshold for quotations, evaluate the quotations received.

**6.1.1.1.3** The persons appoint in writing as Infrastructure advisors and subject matter experts may attend any committee meeting.

~~**6.1.1.1.4** No person who is a political officer bearer, a public office bearer including any councilor of a municipality, a political advisor or a person appointed in terms of section 12A of the Public Service Act of 1994 or who has a conflict of interest shall be appointed to a Bid Specification, Bid Evaluation or Bid Adjudication Committee.~~

**6.1.1.1.5** Committee decisions shall as far as possible be based on the consensus principle i.e. the general agreement characterised by the lack of sustained opposition to substantial issues. Committees shall record their decisions in writing. Such decisions shall be kept in a secured environment for a period of not less than five years after the completion or cancellation of the contract unless otherwise determined in terms of the National Archives and Record Services Act of 1996.

**6.1.1.1.6** Committees may make decisions at meetings or, subject to the committee chairperson's approval, on the basis of responses to documents circulated to committee members provided that not less than sixty percent of the members are present or respond to the request for responses. Where the committee chairperson is absent from the meeting, the members of the committee who are present shall elect a chairperson from one of them to preside at the meeting.

#### **6.1.1.2 Bid Specification Committee**

**6.1.1.2.1** The *Municipal Manager* shall appoint in writing on a procurement by procurement basis:

- a) the persons to review the procurement documents and to develop a procurement documentation review report in accordance with clause 4.2.2.1 of the standard; and
- b) the members of the procurement documentation committee.

**6.1.1.2.2** The Bid Specification Committee shall comprise one or more persons. The chairperson shall be an employee of Beaufort West Municipality with requisite skills. Other members shall, where relevant, include a representative of the end user or the department requiring infrastructure delivery.

**6.1.1.2.3** No member of, or Infrastructure adviser or subject matter expert who participates in the work of the any of the procurement committees or a family member or associate of such a member, may tender for any work associated with the tender which is considered by these committees.



**Table 2: Procurement activities and gates associated with the formation and conclusion of contracts above the quotation threshold**

Activity	Sub-Activity (see Table 3 of the standard)		Key action	Person assigned responsibility to perform key action	
1*	Establish what is to be procured	1.3 PG1	Obtain permission to start with the procurement process	Decide to proceed / not to proceed with the procurement based on the broad scope of work and the financial estimates.	Director or sub-delegated project manager
2*	Decide on procurement strategy	2.5 PG2	Obtain approval for procurement strategies that are to be adopted including specific approvals to approach a confined market or the use of the negotiation procedure	Confirm selection of strategies so that tender offers can be solicited	Director of Department
3	Solicit tender offers	3.2 PG3	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	Bid Specification Committee
		3.3 PG4	Confirm that budgets are in place	Confirm that finance is available for the procurement to take place	Line function manager
4	Evaluate tender offers	4.2 PG5	Obtain authorisation to proceed with next phase of tender process in the qualified, proposal or competitive negotiations procedure	Review evaluation report, ratify recommendations and authorise progression to the next stage of the tender process	Bid Evaluation Committee
		4.7 PG6	Confirm recommendations contained in the tender evaluation report	Review recommendations of the evaluation committee and refer back to evaluation committee for reconsideration or make recommendation for award	Bid Adjudication Committee
5	Award contract	5.3 PG7	Award contract	Formally accept the tender offer in writing and issue the contractor with a signed copy of the contract	Director of Department
		5.5 PG7	Upload data in financial management and payment system	Verify data and upload contractor's particulars and data associated with the contract or order	delegated official/ - SCM Practitioners: Contract administration



Table 2 (concluded)

Activity	Sub-Activity	Key action	Person assigned responsibility to perform key action
<p>6</p> <p>Administer contracts and confirm compliance with requirements</p>	6.4 PG8A	Obtain approval to waive penalties or low performance damages.	[Contract Manager or project Manager]
	6.5 PG8B	Obtain approval to notify and refer a dispute to an adjudicator	[SCM Manager or delegated official]
	6.6 PG8C	Obtain approval to increase the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at the award of a contract or the issuing of an order up to a specified percentage	Municipal Manager or delegated official
	6.7 PG8D	Obtain approval to exceed the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at award of a contract or the issuing of an order by more than 20% and 30%, respectively	Municipal Manager or delegated official
	6.8 PG8E	Obtain approval to cancel or terminate a contract	Municipal Manager or delegated official
	6.9 PG8F	Obtain approval to amend a contract	Municipal Manager or delegated official
		Approve amount of time and cost overruns above the threshold	
		Approve amount of time and cost overruns up to the threshold	

**Table 3: Procurement activities and gates associated with the issuing of an order above the quotation threshold in terms of a framework agreement**

Activity		Key action	Person assigned responsibility to perform key action
1 FG1	Confirm justifiable reasons for selecting a framework contractor where there is more than one framework agreement covering the same scope of work	Confirm reasons submitted for not requiring competition amongst framework contractors or instruct that quotations be invited	Municipal Manager or delegated official
3 FG2	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	<i>Bid Specification Committee or Sub-Delegated Authority</i>
4 FG3	Confirm that budgets are in place	Confirm that finance is available so that the order may be issued	Line Manager or head of Department
6 FG4	Authorise the issuing of the order	If applicable, review evaluation report and confirm or reject recommendations. Formally accept the offer in writing and issue the contractor with a signed copy of the order	Line Manager or head of Department

### **6.1.1.3 Bid Evaluation Committee**

**6.1.1.3.1** The Municipal Manager shall appoint on a procurement by procurement basis in writing:

- a) the persons to prepare the evaluation and, where applicable, the quality evaluations, in accordance with clauses 4.2.3.2 and 4.2.3.4 of the standard, respectively; and
- b) the members of the evaluation committee.

**6.1.1.3.2** The evaluation committee shall comprise not less than three people. The chairperson shall be an employee of *Beaufort West Municipality* with requisite skills. Other members shall include a supply chain management practitioner and, where relevant, include an official from the department requiring infrastructure delivery.

**6.1.1.3.3** The evaluation committee shall review the evaluation reports prepared in accordance with sub clause 4.2.3 of the standard and as a minimum verify the following in respect of the recommended tenderer:

- a) the capability and capacity of a tenderer to perform the contract;
- b) the tenderer's tax and municipal rates and taxes compliance status;
- c) confirm that the tenderer's municipal rates and taxes and municipal service charges are not in arrears;
- d) the Compulsory Declaration has been completed; and
- e) the tenderer is not listed in the National Treasury's Register for Tender Defaulters or the List of Restricted Suppliers.

**6.1.1.3.4** No tender submitted by a member of, or Infrastructure adviser or subject matter expert who participates in the work of the Bid Specification Committee or a family member or associate of such a member, may be considered by the Bid Evaluation Committee.

**6.1.1.3.5** The chairperson of the Bid Evaluation Committee shall promptly notify the Municipal Manager of any respondent or tenderer who is disqualified for having engaged in fraudulent or corrupt practices during the tender process.

### **6.1.1.4 Bid Adjudication Committee**

**6.1.1.4.1** The 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 Infrastructure expert in the relevant field who is an official, if such an expert exists

**6.1.1.4.2** No member of the Bid Evaluation Committee may serve on the Bid Adjudication Committee. A member of a Bid evaluation committee may, however, participate in the deliberations of a tender committee as a Infrastructure advisor or a subject matter expert.

**6.1.1.4.3** The Bid Adjudication committee shall:

- a) consider the report and recommendations of the Bid evaluation committee and:
  - 1) verify that the procurement process which was followed complies with the provisions of this document;
  - 2) confirm that the report is complete and addresses all considerations necessary to make a recommendation;

- 3) confirm the validity and reasonableness of reasons provided for the elimination of tenderer's; and
  - 4) consider commercial risks and identify any risks that have been overlooked or fall outside of the scope of the report which warrant investigation prior to taking a final decision; and
- b) refer the report back to the Bid evaluation committee for their reconsideration or make a recommendation to the authorised person on the award of a tender, with or without conditions, together with reasons for such recommendation.

**6.1.1.4.4** The Bid Adjudication committee shall consider proposals regarding the cancellation, amendment, extension or transfer of contracts that have been awarded and make a recommendation to the authorised person on the course of action which should be taken.

**6.1.1.4.5** The Bid Adjudication committee shall consider the merits of an unsolicited offer and make a recommendation to the Municipal Manager.

**6.1.1.4.6** The Bid Adjudication committee shall report to the *Municipal Manager* any recommendation made to award a contract to a tenderer other than the tenderer recommended by the evaluation committee, giving reasons for making such a recommendation.

**6.1.1.4.7** The Bid Adjudication committee shall not make a recommendation for an award of a contract or order if the recommended tenderer or framework contractor has:

- a) made a misrepresentation or submitted false documents in competing for the contract or order; or b) been convicted of a corrupt or fraudulent act in competing for any contract during the past five years.

**6.1.1.4.8** The Bid Adjudication committee may on justifiable grounds and after following due process, disregard the submission of any tenderer if that tenderer or any of its directors, members or trustees or partners has abused the delivery management system or has committed fraud, corruption or any other improper conduct in relation to such system. The National Treasury and the *Western Cape provincial treasury* shall be informed where such tenderer's are disregarded.

## **6.1.2 Actions of an authorised person relating to the award of a contract or an order**

### **6.1.2.1 Award of a contract**

**6.1.2.1** The Municipal Manager shall, if the value of the contract inclusive of VAT, is within his or her delegation, consider the report(s) and recommendations of the Bid Adjudication committee and either:

- a) award the contract after confirming that the report is complete and addresses all considerations necessary to make a recommendation and budgetary provisions are in place; or
- b) decide not to proceed or to start afresh with the process.

**6.1.2.2** The Municipal Manager shall immediately notify the *Bid Adjudication Committee* if a tender other than the recommended tender is awarded, save where the recommendation is changed to rectify an irregularity. Such person shall, within 10 working days, notify in writing the Auditor-General, the National Treasury and *Provincial Treasury*, and, in the case of a municipal entity, also the parent municipality, of the reasons for deviating from such recommendation.

### **6.1.2.3 Issuing of an order**

The Director of the department, if the value of an order issued in terms of a framework contract, is within his or her delegation, consider the recommendation of the Bid evaluation committee as relevant, and either:

- a) authorise the issuing of an order in accordance with the provisions of clause 4.25 of the standard; or
- b) decide not to proceed or to start afresh with the process.

### **6.1.3 Conduct of those engaged in infrastructure delivery**

#### **6.1.3.1 General requirements**

**6.1.3.1.1** All personnel and agents of *Beaufort West Municipality* shall comply with the requirements of the CIDB Code of Conduct for all Parties engaged in Construction Procurement. They shall:

- a) behave equitably, honestly and transparently;
- b) discharge duties and obligations timeously and with integrity;
- c) comply with all applicable legislation and associated regulations;
- d) satisfy all relevant requirements established in procurement documents;
- e) avoid conflicts of interest; and
- f) not maliciously or recklessly injure or attempt to injure the reputation of another party.

**6.1.3.1.2** All personnel and agents engaged in *Beaufort West Municipality's* infrastructure delivery management system shall:

- a) not perform any duties to unlawfully gain any form of compensation, payment or gratification from any person for themselves or a family member or an associate;
- b) perform their duties efficiently, effectively and with integrity and may not use their position for private gain or to improperly benefit another person;
- c) strive to be familiar with and abide by all statutory and other instructions applicable to their duties;
- d) furnish information in the course of their duties that is complete, true and fair and not intended to mislead;
- e) ensure that resources are administered responsibly;
- f) be fair and impartial in the performance of their functions;
- g) at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual;
- h) not abuse the power vested in them;
- i) not place themselves under any financial or other obligation to external individuals or firms that might seek to influence them in the performance of their duties; \_\_\_\_\_
- j) assist *Beaufort West Municipality* in combating corruption and fraud within the infrastructure procurement and delivery management system;
- k) not disclose information obtained in connection with a project except when necessary to carry out assigned duties;
- l) not make false or misleading entries in reports or accounting systems; and
- m) keep matters of a confidential nature in their possession confidential unless legislation, the performance of duty or the provision of the law require otherwise.

**6.1.3.1.2** An employee or agent may not amend or tamper with any submission, tender or contract in any manner whatsoever.

#### **6.1.3.2 Conflicts of interest**

**6.1.3.2.1** The employees and agents of *Beaufort West Municipality* who are connected in any way to procurement and delivery management activities which are subject to this policy, shall:



- a) disclose in writing to the employee of the *Beaufort West Municipality* to whom they report, or to the person responsible for managing their contract, if they have, or a family member or associate has, any conflicts of interest; and
- b) not participate in any activities that might lead to the disclosure of *Beaufort West Municipality* proprietary information.

**6.1.3.2.2** The employees and agents of *Beaufort West Municipality* shall declare and address any perceived or known conflict of interest, indicating the nature of such conflict to whoever is responsible for overseeing the procurement process at the start of any deliberations relating to a procurement process or as soon as they become aware of such conflict, and abstain from any decisions where such conflict exists or recuse themselves from the procurement process, as appropriate.

#### **6.1.3.3 Evaluation of submissions received from respondents and tenderers**

**6.1.3.3.1** The confidentiality of the outcome of the processes associated with the calling for expressions of interest, quotations or tenders shall be preserved. Those engaged in the evaluation process shall:

- a) not have any conflict between their duties as an employee or an agent and their private interest;
- b) may not be influenced by a gift or consideration (including acceptance of hospitality) to show favour or disfavour to any person;
- c) deal with respondents and tenderers in an equitable and even-handed manner at all times; and
- d) not use any confidential information obtained for personal gain and may not discuss with, or disclose to outsiders, prices which have been quoted or charged to *Beaufort West Municipality*.

**6.1.3.3.2** The evaluation process shall be free of conflicts of interest and any perception of bias. Any connections between the employees and agents of *Beaufort West Municipality* and a tenderer or respondent shall be disclosed and recorded in the tender evaluation report.

**6.1.3.3.3** *Beaufort West Municipality* personnel and their agents shall immediately withdraw from participating in any manner whatsoever in a procurement process in which they, or any close family member, partner or associate, has any private or business interest.

#### **6.1.3.4 Non-disclosure agreements**

Confidentiality agreements in the form of non-disclosure agreements shall, where appropriate, be entered into with agents and potential contractors to protect *Beaufort West Municipality's* confidential information and interests.

#### **6.1.3.5 Gratifications, hospitality and gifts**

**6.1.3.5.1** The employees and agents of *Beaufort West Municipality* shall not, directly or indirectly, accept or agree or offer to accept any gratification from any other person including a commission, whether for the benefit of themselves or for the benefit of another person, as an inducement to improperly influence in any way a procurement process, procedure or decision.

**6.1.3.5.2** The employees and agents of *Beaufort West Municipality* as well as their family members or associates shall not receive any of the following from any tenderer, respondent or contractor or any potential contractor:

- a) money, loans, equity, personal favours, benefits or services;
- b) overseas trips; or
- c) any gifts or hospitality irrespective of value from tenderers or respondents prior to the conclusion of the processes associated with a call for an expression of interest or a tender.

**6.1.3.5.3** The employees and agents of *Beaufort West Municipality* shall not purchase any items at artificially low prices from any tenderer, respondent or contractor or any potential contractor at artificially low prices which are not available to the public.



**6.1.3.5.4** All employees and agents of *Beaufort West Municipality* may for the purpose of fostering inter-personal business relations accept the following:

- a) meals and entertainment, but excluding the cost of transport and accommodation;
- b) promotional material of small intrinsic value such as pens, paper-knives, diaries, calendars, etc;
- c) incidental business hospitality such as business lunches or dinners, which the employee is prepared to reciprocate;
- d) complimentary tickets to sports meetings and other public events, but excluding the cost of transport and accommodation, provided that such tickets are not of a recurrent nature; and
- e) gifts in kind other than those listed in a) to d) which have an intrinsic value greater than R350 must not be accepted.

**6.1.3.5.5** Under no circumstances shall gifts be accepted from prospective contractors during the evaluation of calls for expressions of interest, quotations or tenders that could be perceived as undue and improper influence of such processes.

**6.1.3.5.6** Employees and agents of *Beaufort West Municipality* shall without delay report to the *Municipal Manager* any incidences of a respondent, tenderer or contractor who directly or indirectly offers a gratification to them or any other person to improperly influence in any way a procurement process, procedure or decision.

#### **6.1.3.6 Reporting of breaches**

Employees and agents of *Beaufort West Municipality* shall promptly report to the *Municipal Manager* any alleged improper conduct which they may become aware of, including any alleged fraud or corruption.

#### **6.1.4 Measures to prevent abuse of the infrastructure delivery system**

The *Municipal Manager* shall investigate all allegations of corruption, improper conduct or failure to comply with the requirements of this policy against an employee or an agent, a contractor or other role player and, where justified:

- a) take steps against an employee or role player and inform the National Treasury and *provincial treasury* of those steps;
- b) report to the South African Police Service any conduct that may constitute a criminal offence;
- c) lodge complaints with the Construction Industry Development Board or any other relevant statutory council where a breach of such council's code of conduct or rules of conduct are considered to have been breached;
- d) cancel a contract if:
  - 1) it comes to light that the contractor has made a misrepresentation, submitted falsified documents or has been convicted of a corrupt or fraudulent act in competing for a particular contract or during the execution of that contract; or
  - 2) an employee or other role player committed any corrupt or fraudulent act during the tender process or during the execution of that contract.

#### **6.1.5 Awards to persons in the service of the state**

**6.1.5.1** Any submissions made by a respondent or tenderer who declares in the Compulsory Declaration that a principal is one of the following shall be rejected:

- a) a member of any municipal council, any provincial legislature, or 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.

**6.1.5.2** The notes to the annual financial statements of the *Beaufort West Municipality* shall disclose particulars of an award of more than R 2000 to a person who is a family member of a person identified in

**6.1.5.3** or who has been in the previous 12 months. Such notes shall include the name of the person, the capacity in which such person served and the amount of the award.

#### **6.1.6 Collusive tendering**

Any submissions made by a respondent or tenderer who fails to declare in the Compulsory Declaration that the tendering entity:

- a) is not associated, linked or involved with any other tendering entity submitting tender offers; or
- b) has not engaged in any prohibited restrictive horizontal practices including consultation, communication, agreement, or arrangement with any competing or potential tendering entity regarding prices, geographical areas in which goods and services will be rendered, approaches to determining prices or pricing parameters, intentions to submit a tender or not, the content of the submission (specification, timing, conditions of contract etc.) or intention to not win a tender shall be rejected.

#### **6.1.7 Placing of contractors under restrictions**

**6.1.7.1** If any tenderer which has submitted a tender offer or a contractor which has concluded a contract has, as relevant:

- a) withdrawn such tender or quotation after the advertised closing date and time for the receipt of submissions;
- b) after having been notified of the acceptance of his tender, failed or refused to commence the contract;
- c) had their contract terminated for reasons within their control without reasonable cause;
- d) offered, promised or given a bribe in relation to the obtaining or the execution of such contract;
- e) acted in a fraudulent, collusive or anti-competitive or improper manner or in bad faith towards *Beaufort West Municipality*; or
- f) made any incorrect statement in any affidavit or declaration with regard to a preference claimed and is unable to prove to the satisfaction of *Beaufort West Municipality* that the statement was made in good faith or reasonable steps were taken to confirm the correctness of the statements,

The SCM Unit shall prepare a report on the matter and make a recommendation to the *Municipal Manager* for placing the contractor or any of its principals under restrictions from doing business with the *Beaufort West Municipality*.

**6.1.7.2** The *Municipal Manager* may, as appropriate, upon the receipt of a recommendation made in terms of 6.1.7.1 and after notifying the contractor of such intention in writing and giving written reasons for such action, suspend a contractor or any principal of that contractor from submitting a tender offer to *Beaufort West Municipality* for a period of time.

**6.1.7.3** The *Manager SCM* shall:

- a) record the names of those placed under restrictions in an internal register which shall be accessible to employees and agents of *Beaufort West Municipality* who are engaged in procurement processes; and
- b) notify the National Treasury and *provincial treasury* and, if relevant, the Construction Industry Development Board, of such decision and provide them with the details associated therewith.

#### **6.1.8 Complaints**

**6.1.8.1** All complaints regarding the *Beaufort West Municipality's* infrastructure delivery management system shall be addressed to the *Municipal Manager*. Such complaints shall be in writing.

**6.1.8.2** The Director Infrastructure Services shall investigate all complaints regarding the infrastructure procurement and delivery management system and report on actions taken to the *Municipal Manager* who will decide on what action to take.

#### **6.2 Acquisition management**

##### **6.2.1 Unsolicited proposal<sup>31</sup>**

**6.2.1.1** The *Beaufort West Municipality* is not obliged to consider unsolicited offers received outside a normal procurement process but may consider such an offer only if:

- a) the goods, services or any combination thereof that is offered is a demonstrably or proven unique innovative concept;
- b) proof of ownership of design, manufacturing, intellectual property, copyright or any other proprietary right of ownership or entitlement is vested in the person who made the offer;
- c) the offer presents a value proposition which demonstrates a clear, measurable and foreseeable benefit for *Beaufort West Municipality*;
- d) the offer is in writing and clearly sets out the proposed cost;
- e) the person who made the offer is the sole provider of the goods or service; and
- f) the *Municipal Manager* finds the reasons for not going through a normal tender process to be sound.

**6.2.1.2** The *Municipal Manager* may only accept an unsolicited offer and enter into a contract after considering the recommendations of the Bid Adjudication committee if:

- a) the intention to consider an unsolicited proposal has been made known in accordance with Section 21A of the Municipal Systems Act of 2000 together with the reasons why such a proposal should not be open to other competitors, an explanation of the potential benefits for the *Beaufort West Municipality* and an invitation to the public or other potential suppliers and providers to submit their comments within 30 days after the notice;
- b) the *Beaufort West Municipality* has obtained comments and recommendations on the offer from the National Treasury and *provincial treasury*;
- c) the Bid Adjudication committee meeting which makes recommendations to accept an unsolicited proposal was open to the public and took into account any public comments that were received and any comments and recommendations received from the National Treasury and *provincial treasury*; and
- d) the provisions of 6.2.1.3 are complied with.

**6.2.1.3** The *Municipal Manager* shall, within 7 working days after the decision to award the unsolicited offer is taken, submit the reasons for rejecting or not following the recommendations to the National Treasury, the [name of applicable provincial treasury] and Auditor General. A contract shall in such circumstances not be entered into or signed within 30 days of such submission.

##### **6.2.2 Tax and rates compliance**

#### **6.2.2.1 SARS tax clearance**

**6.2.2.1.1** No contract may be awarded or an order issued where the value of such transaction exceeds R 30 000, unless a tenderer or contractor is in possession of an original valid Tax Clearance Certificate issued by SARS provided that the tenderer is not domiciled in the Republic of South Africa and the SARS has confirmed that such a tenderer is not required to prove their tax compliance status.

**6.2.2.1.2** In the case of a partnership, each partner shall comply with the requirements of 6.2.2.1.1.

**6.2.2.1.3** No payment shall be made to a contractor who does not satisfy the requirements of 6.2.2.1.2. An employee of *Beaufort West Municipality* shall upon detecting that a tenderer or contractor is not tax compliant, immediately notify such person of such status.

**6.2.2.1.4** Notwithstanding the requirements of 6.2.2.1.1 and 6.2.2.1.3 the following shall apply, unless a person who is not tax compliant indicates to *Municipal Manager* that it intends challenging its tax compliance status with SARS,

- a) a contract may be awarded to a non-compliant tenderer if such a tenderer is able to remedy its tax compliance status within a period not exceeding 7 working days after being duly notified of its non-compliant status;
- b) an order may be awarded to a non-compliant contractor if such a contractor is able to remedy its tax compliance status within a period not exceeding 7 working days after being duly notified of its non-compliant status;
- c) a non-compliant contractor shall be issued with a first warning that payments in future amounts due in terms of the contract may be withheld, before the authorising of any payment due to such contractor;
- d) before authorising a further payment due to a non-compliant contractor who has failed to remedy its tax compliance status after receiving a first warning, a second and final warning shall be issued to such contractor;
- e) no payments may be released for any amounts due in terms of the contract due to a non-compliant contractor if, after a period of 30 calendar days have lapsed since the second warning was issued, the non-compliant contractor has failed to remedy its tax compliance status.

**6.2.2.1.5** The *Beaufort West Municipality* may cancel a contract with a non-compliant contractor if such a contractor fails to remedy its tax compliance status after a period of 30 calendar days have lapsed since the second warning was issued in terms of 6.2.2.1.4e).

#### **6.2.2.2 Municipal rates and taxes**

**6.2.2.2.1** No contract may be awarded to a tenderer who, of the principals of that tenderer, owes municipal rates and taxes or municipal service charges to any municipality or a municipal entity and are in arrears for more than 3 months.

**6.2.2.2.2** No award may be considered to a tenderer who, of the principals of that tenderer, owes municipal rates and taxes or municipal service charges to any municipality or a municipal entity and are outstanding for more than 30 days, if the value of the award will exceed R 10 million.

#### **6.2.3 Declarations of interest**

Tenders and respondents making submissions in response to an invitation to submit a tender or a call for an expression of interest, respectively shall declare in the Compulsory Declaration whether or not any of the principals:

- a) are an employee of the *Beaufort West Municipality* or in the employ of the state; or
- b) have a family member or a business relation with a person who is in the employ of the state.

#### **6.2.4 Invitations to submit expressions of interest or tender offers**

**6.2.4.1** All invitations to submit tenders where the estimated value of the contract exceeds R 300 000 including



VAT, except where a confined tender process is followed, and expressions of interest shall be advertised on the *Beaufort West Municipality's* website and on the National Treasury e-Tender Publication Portal. Advertisements shall be placed by *SCM unit*.

**6.2.4.2** Advertisements relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000 shall in addition to the requirements of 6.2.4.1 be advertised on the CIDB website. Advertisements shall be placed by *SCM unit*.

**6.2.4.3** Where deemed appropriate by Bid Specification Committee an invitation to tender and a call for an expression of interest shall be advertised in suitable local and national newspapers and the Government Tender Bulletin as directed by such person. Advertisements shall be placed by *SCM unit*.

**6.2.4.4** Such advertisements shall be advertised for a period of at least 30 days before closure, except in urgent cases when the advertisement period may be shortened as determined by the *Municipal Manager*.

**6.2.4.5** Invitations to submit expressions of interest or tender offers shall be issued not less than 10 working days before the closing date for tenders and at least 5 working days before any compulsory clarification meeting. Procurement documents shall be made available not less than 7 days before the closing time for submissions.

## **6.2.5 Publication of submissions received and the award of contracts**

**6.2.5.1** The *SCM unit* shall publish within 10 working days of the closure of any advertised call for an expression of interest or an invitation to tender where the estimated value of the contract exceeds R300 000 including VAT on the municipality's or municipal entity's website, the names of all tenderers that made submissions to that advertisement, and if practical or applicable, the total of the prices and the preferences claimed. Such information shall remain on the website for at least 30 days.

**6.2.5.2** The *SCM unit* shall publish within 7 working days of the award of a contract the following on the *Beaufort West Municipality's* website

- a) the contract number;
- b) contract title;
- c) brief description of the goods, services or works;
- d) the total of the prices, if practical;
- e) the names of successful tenderers and their B-BBEE status level of contribution;
- f) duration of the contract; and
- g) brand names, if applicable.

**6.2.5.3** The *SCM unit* shall submit within 7 working days of the award of a contract the information required by National Treasury on the National Treasury eTender Publication Portal regarding the successful and unsuccessful tenders. Submissions shall be made by the Snr *SCM Practitioner Acquisitions, demand, contract and compliance*.

**6.2.5.4** The award of contracts relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000 shall in addition to the requirements of 6.2.5.3 be notified on the CIDB website. The notification shall be made by placed by Snr *SCM Practitioner Acquisitions, demand, contract and compliance*.

## **6.2.6 Disposal committee**

**6.2.6.1** The *Municipal Manager* shall appoint in writing the members of the disposal committee to decide on how best to undertake disposals in accordance with the provisions of clause 10 of the standard.

**6.2.6.2** The disposal panel shall comprise not less than three people. The chairperson shall be an employee of *Beaufort West Municipality*.

**6.2.6.3** The disposal committee shall make recommendations to the *Municipal Manager* who shall approve the

recommendations, refer the disposal strategy back to the disposal committee for their reconsideration, decide not to proceed or to start afresh with the process.

### **6.3 Reporting of infrastructure delivery management information**

*The SCM unit shall submit any reports required in terms of the standard to the National Treasury or provincial treasury.*

## **7 Infrastructure procurement**

### **7.1 Procurement procedures**

**7.1.1** Procedure for procurement will be in accordance with the main SCM policy of the municipality unless otherwise directed in terms of this policy in relation to infrastructure specific projects

### **7.2 Usage of Procurement Documentation**

**7.2.1** The Beaufort West Municipality's pre-approved templates for Part C1 (Agreements and contract data) of procurement documents shall be utilised to obviate the need for legal review prior to the awarding of a contract. All modifications to the standard templates shall be approved by *Bid Specification Committee* prior to being issued for tender purposes.

**7.2.2** Disputes arising from the performance of a contract shall be finally settled in a South African court of law.

**7.2.3** The Municipal Declaration and returnable documents contained in the standard shall be included in all tenders for:

- a) consultancy services; and
- b) goods and services or any combination thereof where the total of the prices is expected to exceed R10 m including VAT.

### **7.3 Developmental procurement policy**

**7.3.1** The primary beneficiaries will be included in the Preferential Procurement Policy and will include at least the following:

**7.3.1.1** Local emerging contractors / service providers and suppliers from previously disadvantaged individuals/communities who will be assisted with targeted contract opportunities to propel them to new heights.

**7.3.1.2** Contractors must be registered with the CIDB to qualify for participation.

### **7.4 Payment of contractors**

*The Beaufort West Municipality shall settle all accounts within 30 days of invoice or statement as provided for in the contract.*

### **7.5 Approval to utilise specific procurement procedures**

**7.5.1** Prior approval shall be obtained for the following procurement procedures from the following persons, unless such a procedure is already provided for in the approved procurement strategy:

- a) *The Municipal Manager* shall authorise the use of the negotiated procedure above the thresholds provided in the standard.
- b) *The Municipal Manager* shall authorise the approaching of a confined market except where a rapid response is required in the presence of, or the imminent risk of, an extreme or emergency situation arising from the conditions set out in the standard and which can be dealt with or the risks relating thereto arrested within 48 hours: and



- c) the Bid Specification committee or Manager Scm shall authorise the proposal procedure using the two-envelope system, or the competitive negotiations procedure.

7.5.2 The person authorised to pursue a negotiated procedure in an emergency is *Director of the Department*.

## **7.6 Receipt and safeguarding of submissions**

7.6.1 A dedicated and clearly marked tender box shall be made available to receive all submissions made.

7.6.2 The tender box shall be fitted with two locks and the keys kept separately by two *SCM Practitioners*. Such personnel shall be present when the box is opened on the stipulated closing date for submissions.

## **7.7 Opening of submissions**

7.7.1 Submissions shall be opened by an opening panel comprising two people nominated by the Manager Scm who have declared their interest or confirmed that they have no interest in the submissions that are to be opened.

7.7.2 The opening panel shall open the tender box at the stipulated closing time and:

- a) sort through the submissions and return those submissions to the box that are not yet due to be opened including those whose closing date has been extended;
- b) return submissions unopened and suitably annotated where:
  - 1) submissions are received late, unless otherwise permitted in terms of the submission data;
  - 2) submissions were submitted by a method other than the stated method,
  - 3) submissions were withdrawn in accordance with the procedures contained in SANS 10845-3; and.
  - 4) only one tender submission is received and it is decided not to open it and to call for fresh tender submissions;
- c) record in the register submissions that were returned unopened;
- d) open submissions if received in sealed envelopes and annotated with the required particulars and read out the name of and record in the register the name of the tenderer or respondent and, if relevant, the total of prices including VAT where this is possible;
- e) record in the register the name of any submissions that is returned with the reasons for doing so;
- f) ~~record the names of the tenderer's representatives that attend the public opening;~~
- g) sign the entries into the register; and
- h) stamp each returnable document in each tender submission.

7.7.3 Each member of the opening panel shall initial the front cover of the submission and all pages that are stamped in accordance with the requirements of 7.7.3h).

7.7.4 Respondents and tenderers whose submissions are to be returned shall be afforded the opportunity to collect their submissions.

7.7.5 Submissions shall be safeguarded from the time of receipt until the conclusion of the procurement process.

## **7.8 Use of another organ of state's framework agreement**

The *Beaufort West Municipality* may make use of another organ of state's framework contract which has been put in place by means of a competitive tender process and there are demonstrable benefits for doing so. The *Municipal Manager shall* make the necessary application to that organ of state to do so.

## 7.9 Insurances

7.9.1 Contractors shall be required to take out all insurances required in terms of the contract.

7.9.2 The insurance cover in engineering and construction contracts for loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract shall in general not be less than the value stated in Table 4, unless otherwise directed by *the Municipal Manager*.

7.9.3 Lateral earth support insurance in addition to such insurance shall be take out on a case by case basis.

**Table 4: Minimum insurance cover**

Type of insurance	Value
Engineering and construction contracts - loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract	Not less than R20 million
Professional services and service contracts - death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract or damage to property	Not less than R10 million
Professional indemnity insurance	geoInfrastructure, civil and structural engineering: R5,0 million electrical, mechanical and engineering: R3,0 million architectural: R5,0 million other R3,0 million

7.9.4 The insurance cover in professional services and service contracts for damage to property or death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract shall not be less than the value stated in Table 4 for any one event unless otherwise directed by *the Director Infrastructure Services*.

7.9.5 SASRIA Special Risk Insurance in respect of riot and associated risk of damage to the works, Plant and Materials shall be taken out on all engineering and construction works.

7.9.5 Professional service appointments shall as a general rule be subject to proof of current professional indemnity insurance being submitted by the contractor in an amount not less than the value stated in Table 4 in respect of each claim, without limit to the number of claims, unless otherwise directed by the *Municipal Manager* in relation to the nature of the service that they provide.

7.9.6 *Beaufort West Municipality* shall take out professional indemnity insurance cover where it is deemed necessary to have such insurance at a level higher than the levels of insurance commonly carried by contractors.

7.9.7 Where payment is to be made in multiple currencies, either the contractor or *Beaufort West Municipality* should be required to take out forward cover. Alternatively, the prices for the imported content should be fixed as soon as possible after the starting date for the contract.

## 7.10 Written reasons for actions taken

7.10.1 Written reasons for actions taken shall be provided by *the Director Infrastructure services*.

**7.10.2** The written reasons for actions taken shall be as brief as possible and shall as far as is possible, and where relevant, be framed around the clauses in the:

- a) SANS 10845-3, *Construction procurement - Part 3: Standard conditions of tender*, and, giving rise to the reason why a respondent was not short listed, prequalified or admitted to a data base; or
- b) SANS 10845-4, *Construction procurement - Part 4: Standard conditions for the calling for expressions of interest*;

as to why a tenderer was not considered for the award of a contract or not awarded a contract.

**7.10.3** Requests for written reasons for actions taken need to be brief and to the point and may not divulge information which is not in the public interest or any information which is considered to prejudice the legitimate commercial interests of others or might prejudice fair competition between tenderers.

## **7.11 Request for access to information**

**7.11.1** Should an application be received in terms of Promotion of Access to Information Act of 2000 (Act 2 of 2000), the “requestor” should be referred to the *Beaufort West Municipality’s* Information Manual which establishes the procedures to be followed and the criteria that have to be met for the “requester” to request access to records in the possession or under the control of *Beaufort West Municipality*.

**7.11.2** Access to Infrastructure and commercial information such as a comprehensive programme which links resources and prices to such programme should be refused as such information provides the order and timing of operations, provisions for time risk allowances and statements as to how the contractor plans to do the work which identifies principal equipment and other resources which he plans to use. Access to a bill of quantities and rates should be provided in terms of the Act.

6/11/18

## SUPPLY CHAIN MANAGEMENT POLICY

Annexure F

THE ADMINISTRATOR



12332935



## SUPPLY CHAIN MANAGEMENT POLICY

With effective date 1 July 2025

APPROVED BY COUNCIL ON:

COUNCIL RESOLUTION REFERENCE:

SIKKULASIE		OPDRAG

### 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 2025 as per Council Resolution.

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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, 2023 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.

## SUPPLY CHAIN MANAGEMENT POLICY

**"Financial offer"** means financial offer after all tendered parameters that can affect the value of the financial offer have been taken into consideration to enable comparisons to be made on a comparable basis. Tendered parameters may include non-firm prices, unconditional discounts, Employer's risk, operating or life cycle costs, etc.

**"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 Beaufort West; **"Day(s)"**

means calendar 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;
  - 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 —
  - (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 Beaufort West;

***"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);



## SUPPLY CHAIN MANAGEMENT POLICY

- (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. **"PPFPA"** means the Preferential Procurement Policy Framework Act, 5 of 2000.

**"Preferential Procurement Regulations"** means the regulations pertaining to the PPFPA 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.

## SUPPLY CHAIN MANAGEMENT POLICY

**"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; "...as amended by Government Gazette No. 49863 Notice 4198.

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

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

**"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).

**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
  - (b) when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the Council.

## SUPPLY CHAIN MANAGEMENT POLICY

- (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**



## SUPPLY CHAIN MANAGEMENT POLICY

- (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.
- (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 —

## SUPPLY CHAIN MANAGEMENT POLICY

- (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 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.

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) Procurement plans for all bids/tenders must be developed to be implemented by the SCM Unit in collaboration with end user departments. The procurement plan is a fluid document that should be assessed and updated on a regular basis when required

*Part 2: Acquisition management*

**11. System of acquisition management**

- (1) The objectives of this acquisition management system are 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) This 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 and Sanitation or a public entity, another municipality or a municipal entity; and
  - (b) electricity from Eskom or another public entity, another municipality or municipal entity.
- (3) The following information must be made public wherever goods or services contemplated in Section 110(2) of the Act are procured other than through the Supply Chain Management system, including-
- (a) the kind of goods or services; and
  - (b) the name of the supplier

**12. Range of procurement processes**

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

VALUE (Including VAT)	QUOTATIONS / TENDERS	VALUE (Including VAT)
Petty cash- Up to R 300	Original valid invoices required	Petty cash- Up to R 300
Up to R 2 000	One (1) written price quotation	Up to R 2 000
Over R 2 000 – R 30 000	Three (3) formal written price quotations	Over R 2 000 – R 30 000
Over R 30 000 – R 300 000	Formal written price quotations and advertised for 7 days on the official notice board and website of the municipality in terms of Section 18(b)	Over R 30 000 – R 300 000
Over R 300 000 – R 10 million	Competitive Bidding to be awarded by a Bid Adjudication Committee	Over R 300 000 – R 10 million
Over R 10 million	Competitive Bidding to be awarded by a Bid Adjudication Committee with approval from Municipal Manager after recommendation from the Bid Adjudication Committee	Over R 10 million

(2) 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 12 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 12 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 12 months.



## SUPPLY CHAIN MANAGEMENT POLICY

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

- (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](http://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 (CSD) 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.

- (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](http://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](mailto: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 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 time frame stated above.

#### 14. Lists of accredited prospective providers (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 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;
    - (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 (including VAT)
- (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.
- (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.

**The threshold was increased with the amendments of Regulation December 2023.**

### **16. Formal written price quotations**

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

1. Range: R2001 — R300 000
  - a) 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;
  - b) 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 16(1)(b) and
  - c) 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
  - d) 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.

### **17. Procedures for procuring goods or services through formal written price quotations**

The procedure for the procurement of goods or services through formal written price quotations, are -

- 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;
- h) offers received must be evaluated by a senior SCM practitioner and the relevant project manager of the user department on a comparative basis
- i) the director of the user department will be the final approval authority for all formal quotations

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

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

(b) that 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.

#### **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



- (b) public invitation of bids
- (c) site meetings or briefing sessions
- (d) handling of bids submitted in response to public invitation
- (e) evaluation of bids
- (f) award of contracts
- (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; the requirements of the Construction Industry Development Board, in the case of a bid (i.) relating to construction, upgrading or refurbishment of buildings or infrastructure
- (b) include the preference points system to be used, specific goals 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 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)
    - (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;
    - (v) the place where the bid documentation is available for collection;
    - (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 and clearly marked. Unsealed, unmarked and/or late bids will not be accepted and will be returned to the bidder.
- (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 and preference points claimed;
- (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**

- (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**

- (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

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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),
  - (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.

## **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 —

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- (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) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee,
  - (a) 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,
    - (ii) check whether bidder comply with Bid Evaluation (2), and
    - (iii) notify the accounting officer.
  - (b) The accounting officer may —
    - (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
    - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (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 section 5 of the Municipal Cost Containment Regulations, 2019 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 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;
    - (ii) 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

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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.

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

- (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.
  - (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;

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- (d) reject any bid from a bidder—
    - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the Municipality or to any other municipality or municipal entity, are in arrears for more than three months; or
    - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the Municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
  - (e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
  - (f) cancel a contract awarded to a person if —
    - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
    - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
  - (g) reject the bid of any bidder if that bidder or any of its directors —
    - (i) has abused the supply chain management system of the Municipality or has committed any improper conduct in relation to such system;
    - (ii) has been convicted for fraud or corruption during the past five years;
    - (iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
    - (iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
- (2) The accounting officer must 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) Sections 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;
  - (iii) 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, contractors and service providers 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 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 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 must appoint an independent and impartial person, not directly involved in the supply chain management processes —
- (a) to assist in the resolution of disputes between the Municipality and other persons regarding-
    - (i) any decisions or actions taken in the implementation of the supply chain management system; or
    - (ii) any matter arising from a contract awarded in the course of the supply chain management system; or
  - (b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- (2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- (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.
- (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 under-performing 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 Beaufort West 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.

**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 300 000 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 I contract I bidder / contractor may be revealed if such an action will infringe on the relevant bidder's I 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 March 2026.

Version: **Revision 2**

Date: **1 MARCH 2026**

Signature: .....

Date: .....

Municipal Manager (Accounting Officer)

Signature: .....

Date: .....

Executive Mayor