MAFUBE L M

VUKUZENZELE

SUPPLY CHAIN MANAGEMENT POLICY

RECOMMENDED

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

Date	May 2026
Document Name	**Supply Chain Management Policy and Procedures**
Reviewed By	
Date	**INTERNAL AUDITOR**
Supported By	

Signature	**Date**:	**CHIEF FINANCIAL OFFICER**

Signature	**Date**:	**MUNICIPAL MANAGER**

Signature	**Date**:	**CHAIRPERSON**
	Date:	**RESOLUTION**
Effective date		

Next revision March 2027

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

PART 1: Supply Chain Management Policy

1. Review of the Policy

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

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

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

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

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

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

2. Distribution of the Policy

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

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

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

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

2.3.2. Accounting Officer;

2.3.3. Chief Financial Officer;

2.3.4. All Senior Managers; and

2.3.5. All Role players

PART 2: Terminology

1. Abbreviations

AO	Accounting Officer
BBBEEA	Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2000).
BEE	Black Economic Empowerment
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board

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

2. Definitions and Abbreviations

2.1. In this Supply Chain Management Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and-

Accountability	Means the personal responsibility of a person to his senior or higher authority for any act or omission in the execution of his assigned duties (Accountability cannot be delegated).
Accounting Officer	Means the Accounting Officer as defined in the Municipal Finance Management Act.
Adjudication points	Means the points referred to in terms of Preferential Procurement Regulations, 2022.
All applicable taxes	Includes value-added tax, pay as you earn income tax, unemployment insurance fund contributions and skills development levies.
Asset	Means a tangible or intangible resource capable of ownership.
Bidder	Means any person (natural and/or juristic) submitting a competitive bid or a quotation pursuant to definition 1.35.

Black people	Means Africans, Coloureds and Indians (including Chinese) people who are citizens of South Africa by: ▪ Birth; or ▪ Descent; ▪ Naturalization prior to the commencement date of the Interim Constitution (1993); or ▪ Naturalization after the commencement date of the Interim Constitution (1993), but were prevented from becoming naturalized by apartheid.
B-BBEE Status level of contributor	Means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act.
BVA	Means BEE Verification Agency
Capital Asset	Means:
	a. Any immovable asset such as land, property or buildings; or b. Any movable asset that can be used continuously or repeatedly for more than one year in production or supply of goods and services, for rental to others or for administrative purposes, and from which future economic benefit can be derived, such as plant, machinery and equipment.
CCA	Means Closed Corporations Act, Act No 69 of 1984
Closing Time	Means the time and day specified in the bid documents for the receipt of documents.
Comparative price	Means the price after the factors of a non-firm price and all unconditional discounts that can be utilized have been taken into consideration.
Competitive Bidding Process	Means a competitive bidding process referred to in Regulation 12(1)(d) of the Municipal Supply Chain Management Regulations.
Competitive Bid	Means a bid in terms of the Competitive Bidding Process.
Construction Industry Development Board (CIDB) Act	Means the Construction Industry Development Board Act, 38 of 2000 and includes the regulations pertaining thereto.

Construction Works	Means any work in connection with: a. The erection, maintenance, alteration, renovation, repair, demolition or dismantling of or addition to a building or any similar structure; b. The installation, erection, dismantling or maintenance of a fixed plant; c. The construction, maintenance, demolition or dismantling of any bridge, dam, canal, road, railway, sewer or water reticulation system or any similar civil engineering structure; or d. The moving of earth, clearing of land, the making of an excavation, pilling or any similar type of work.
Consortium or Joint Venture	Means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract.
Consultant	Means any person or entity providing services requiring knowledge based expertise and includes professional service providers.
Contract	Means the agreement that results from acceptance of a tender by an organ of state.
Contractor	Means any person or entity whose bid or quote has been accepted by the municipality.
Contract participation goal	Means the amount equal to the sum of the value of work for which the prime contractor contracts to engage specific target groups in the performance of the contract, expressed as a percentage of the bid sum, excluding provisional sums, contingencies and VAT.
Council	Means the Mafube Local Municipality.
Delegated Authority	Means any person or committee who have been delegated authority by the municipality in terms of the provision of the Municipal Finance Management Act and the Systems Act.
Disability	In respect of a person, means a permanent impairment of a physical, intellectual, or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner, or in the range, considered normal for a human being.
Exempted Capital Asset	Means a municipal capital asset which is exempt by Section 14(6) or 90(6) of the MFMA from other provisions of that section.

Exempted Micro Enterprises (EMEs) "GENERIC"	Means any enterprise with an annual total revenue of R5, 000,000 or less, with a certificate issued by the registered Auditor or Accounting Officer as contemplated in Section 60(4) of the Close Corporation Act No. 9 of 1984. Exempted Micro Enterprises are deemed to have a B-BBEE status level 4 contributor and if owned by more than 50% black people or by black women, it will be deemed to have a B-BBEE status level 3 contributor.
Exempted Micro Enterprises "TOURISM"	Means any enterprise within the tourism sector an annual total revenue of R 2,500,000 or less, with a certificate issued by the registered Auditor or Accounting Officer as contemplated in Section 60(4) of the Close Corporation Act No. 9 of 1984.
Exempted Micro Enterprises "CONTRUCTION"	Means any enterprise within the construction sector with annual total revenue of R 1,500,000 or less, with a certificate issued by the registered Auditor or Accounting Officer as contemplated in Section 60(4) of the Close Corporation Act No. 9 of 1984.
Final Award	In relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept.
Firm Price	Means the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy, or tax, which, in terms of the law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract.
Formal Written Price Quotation	Means a written or electronic offer to the MLM in response to an invitation to submit a quotation.
Functionality	Means the measurement according to predetermined norms, as set out in the tender documents, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a tenderer. "Functionality is also referred to as "Quality".
HOD	Head of the Department

In the service of the state	Means: a. A member of any municipal council, any Provincial Legislature or the National Assembly or the National Council of Provinces; b. An official of any Mafube Local Municipality entity; c. An employee of any National or Provincial Department, National or Public Entity or Constitutional Institution within the meaning of the Public Finance Management Act, 1 of 1999; d. A member of the board of directors of any municipal entity; e. A member of the Accounting Authority of any provincial or
	national public entity; and f. An employee of Parliament or a Provincial Legislature.
Lead-time	The period between the MLM‟s order and the delivery of the final Product /service.
Long term contract	Means a contract with a duration period exceeding one year.
Municipal Assets Transfer Regulations	Means the Municipal Assets Transfer Regulations published in Government Gazette 31346 of 22 August 2008.
Municipal Entity	Means an entity defined in the Systems Act.
Non-exempted Capital Asset	Means a municipal capital asset which is not exempted by Section 14(6) or 90(6) of the MFMA, from the other provisions of that section.
Non-firm prices	Means all prices other than “firm prices”

Other applicable legislation	Means any other legislation applicable to municipal supply chain management, including- a) The Constitution of the Republic of South Africa (Section 217); b) The Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and PPPFA Regulations 2022; c) The Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 d) of 2000), the regulations and all amendments; e) The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the regulations and all amendments; f) The Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), the regulations and all amendments; g) The Construction Industry and Development Board Act, 2000 (Act No. 38 of 2000), the regulations and all amendments; h) The Prevention and Combating of Corrupt Activities Act, 2004, (Act No. 12 of 2004); i) The Competition Act, 1998 (Act No. 89 of 1998); j) The State Information Technology Agency, 1998, (Act No. 88 of 1998 as amended by Act No. 38 of 2002); k) The National Small Business Act, 1996 (Act No. 102 of 1996);
	l) Protected Disclosures Act, 2000 (Act No. 26 of 2000); m) Treasury regulations; n) National Treasury Circulars and Letters; o) Supply Chain Management: A guide to Accounting Officers and Accounting Authorities; and
Person	Includes the natural or juristic entity.
Policy	Means this Supply Chain Management Policy as amended from time to time with annexures.
Prime Contractor	Shall have the same meaning as the contractor.
QSE	Means Qualifying Small Enterprise.
Rand value	Means the total estimated value of a contract in South African currency, calculated at the time of tender invitations, and includes all applicable taxes and excise duties.
Republic	Means Republic of South Africa.

Responsible Agent	Means those internal project managers being the MLM officials or external consultants appointed by the MLM responsible for the administration of a project or contract.
Responsive bid/quotation	Means a bidder that: a. Complies in all respects with the specification and conditions of the bid. b. Has completed and signed all the prescribed bid forms to enable MLM to evaluate the submitted bid. c. Has submitted all the prerequisite documentations. d. Has the necessary capacity and ability to execute the contract. e. Have its municipal rates and taxes and municipal services Charges account in order.
Treasury Guidelines	Means guidelines on supply chain management issued by the Minister in terms of section 168 of the Act.
The Act	Means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).
SANAS	Means South African National Accreditation System
SARS	Means South African Revenue Services
SME's	Small, Medium and Micro Enterprises bears the same meaning assigned to this expression in the National Small Business Act, 102 of 1996.
SASAE	Means South African Standard on Assurance Engagements
Sub-contractor	Means any person that is employed, assigned, leased or contracted by the prime contractor to carry out work in support of the prime contractor in the execution of the contract.
Supplier/Vendor	Are generic terms which may include suppliers of goods and services, contractors and/or consultants.
Supplier Database	Means the list of accredited prospective providers which the Mafube Local Municipality entity must keep in terms of Regulation 14 of the Municipal Supply Chain Management Regulations published in Government Gazette 27636 of 30 May 2005.
Tender/Tenderer	Means bid/bidder in the context of construction works procurement.
Term bid	Means a rates based bid for ad hoc or repetitive supply of goods, services or construction works, where the individual rates are approved for use over a specified contract period.

The Systems Act	Means the Local Government: Municipal Systems Act (Act No. 32 of 20000) and its regulations.
Treasury Guidelines	Means any guidelines on supply chain management issued by the Minister in terms of Section 168 of the MFMA.
Unsolicited Bid	Means an offer submitted by any person at its own initiative without having been invited by the MLM to do so.
Value for money	Means in relation to agreements, that the performance of a private party in terms of the agreement will result in a net benefit to the institution defined in terms of cost, price, quality, quantity, risk transfer or any combination of those factors.

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

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

PART 3: Purpose

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

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

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

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

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

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

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

PART 4: Application of This Policy

1. This Policy applies to:

1.1. The procuring of goods or services, including construction works and consultancy services;

1.2. The disposal of assets no longer needed;

1.3. The selection of contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Systems Act applies; or

1.4. The selection of external mechanisms referred to in section 80 (1) (b) of the Systems Act for the provision of municipal services in circumstances contemplated in Section 83 of that Act.

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

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

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

3.1. The provision of goods and services;

3.2. The provision of a municipal service; and

3.3. The procurement of goods and services under a contract secured by that organ of the state provided that the relevant organ of the state has agreed to such procurement.

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

PART 5: SCM Strategic Objectives

1. To promote and maintain good corporate governance:

   1.1. Compliance with legislative requirements.

   1.2. Simplified uniform SCM Policy and Procedures.

   1.3. Appropriate delegations and segregation of duties.

   1.4. Audit trail of procurement process.

   1.5. Recorded spend.

2. To promote Local SMME through procurement spend:

   2.1. Promotion of Local SMME joint ventures and subcontracting where feasible.

   2.2. Promote the competitiveness of local SMME suppliers.

   2.3. Unbundling of large scale infrastructure projects into small manageable projects for SMME‟s.

   2.4. Appointing panels of suppliers and ensure rotation amongst SMME suppliers.

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

   3.1. Adequate budgeting.

   3.2. 3.2. Responsive SCM processes.

4. To ensure value for money when procuring.

   4.1. Optimal processes.

   4.2. Clear and unambiguous requirement setting (Specifications/TORs).

   4.3. 4.3. Effective contract and supplier management.

PART 6: Procurement Principles

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

1.1. Transparency

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

1.2. Equal treatment

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

1.3. Effectiveness

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

1.4. Competitiveness

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

1.5. Fairness

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

1.6. Ethics

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

1.7. Proportionality

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

1.8. Uniform application

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

1.9. Responsibility

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

1.10. Openness

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

1.11. Value for money

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

1.12. Commitment to safety, health and the environment

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

PART 7: Applicable Legislation

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

   2.1. The Constitution of the Republic of South Africa (Section 217);

   2.2. The Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and PPPFA Regulations 2022.

   2.3. The Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2000), the regulations and all amendments;

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

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

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

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

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

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

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

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

2.12. Treasury regulations;

2.13. National Treasury Circulars and Letters;

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

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

PART 8: Delegations

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

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

1.1.1. Chapter 8 or 10 of the Act; and

1.1.2. This Policy.

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

1.3. To enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and

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

2. All SCM activities shall be executed in accordance with pre-established levels of authority through delegations to ensure that control and segregation of responsibility.

3. Delegations shall be in writing to a specific individual or the holder of a post and shall be in line with

   Council's system of delegations.
4. A delegation shall be subjected to such limitations and conditions as the Council may impose in a specific case.
5. A delegation may only be revoked by the person who approved the delegation in the first place or any higher authority.
6. The Council/Accounting Officer is entitled to confirm, vary or revoke any decision taken in consequence of a delegation by such lower authority, provided that no such variation or revocation of a decision should detract from any rights that may have accrued as a result of the decision.
7. The Accounting Officer **<u>may not sub-delegate</u>** any supply chain management powers or duties to a person who is not an official of the municipality or to a committee which is not exclusively composed of officials of the municipality.

PART 9: Oversight

1. Section 117 of the MFMA prohibit any MLM Councillor from being a member of a bid committee or any other committee evaluating or approving quotations or bids nor may MLM Councillor attend any such meeting as an observer.
2. Council, however, has an oversight role to ensure that the Accounting Officer implements this Supply Chain Management Policy.
3. The Mayor must provide general political guidance over the fiscal and financial affairs of the MLM and may monitor and oversee the exercise of responsibilities assigned to the Accounting Officer and the CFO in terms of the Act.
4. For the purpose of such oversight, the Accounting Officer, shall within 10 (ten) days at the end of each quarter, submit a report on the implementation of this Policy to the Mayor and, within 30 (thirty) days of the end of each financial year, shall submit a similar such report to Council.
5. In addition, if any serious problem arises in relation to the implementation of this Policy, the Accounting Officer shall immediately report such to Council accordingly.
   6. All such reports shall be made public in accordance with Section 21A of the Systems Act.

PART 10: Establishment of the SCM Unit

1. The SCM System

1.1. The Council shall develop and implement an effective and efficient SCM system for the acquisition of goods, services and/or works.

1.2. The disposal and letting of state assets and goods no longer required.

1.3. The system shall be fair, equitable, transparent, competitive and cost-effective.

1.4. The system shall be consistent with the PPPFA and the BBEEA.

1.5. The system shall provide for at least the following:

1.5.1. Demand management;

1.5.2. Acquisition management;

1.5.3. Logistics management;

1.5.4. Disposal management;

1.5.5. Risk management; and

1.5.6. Regular assessment of supply chain management performance

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

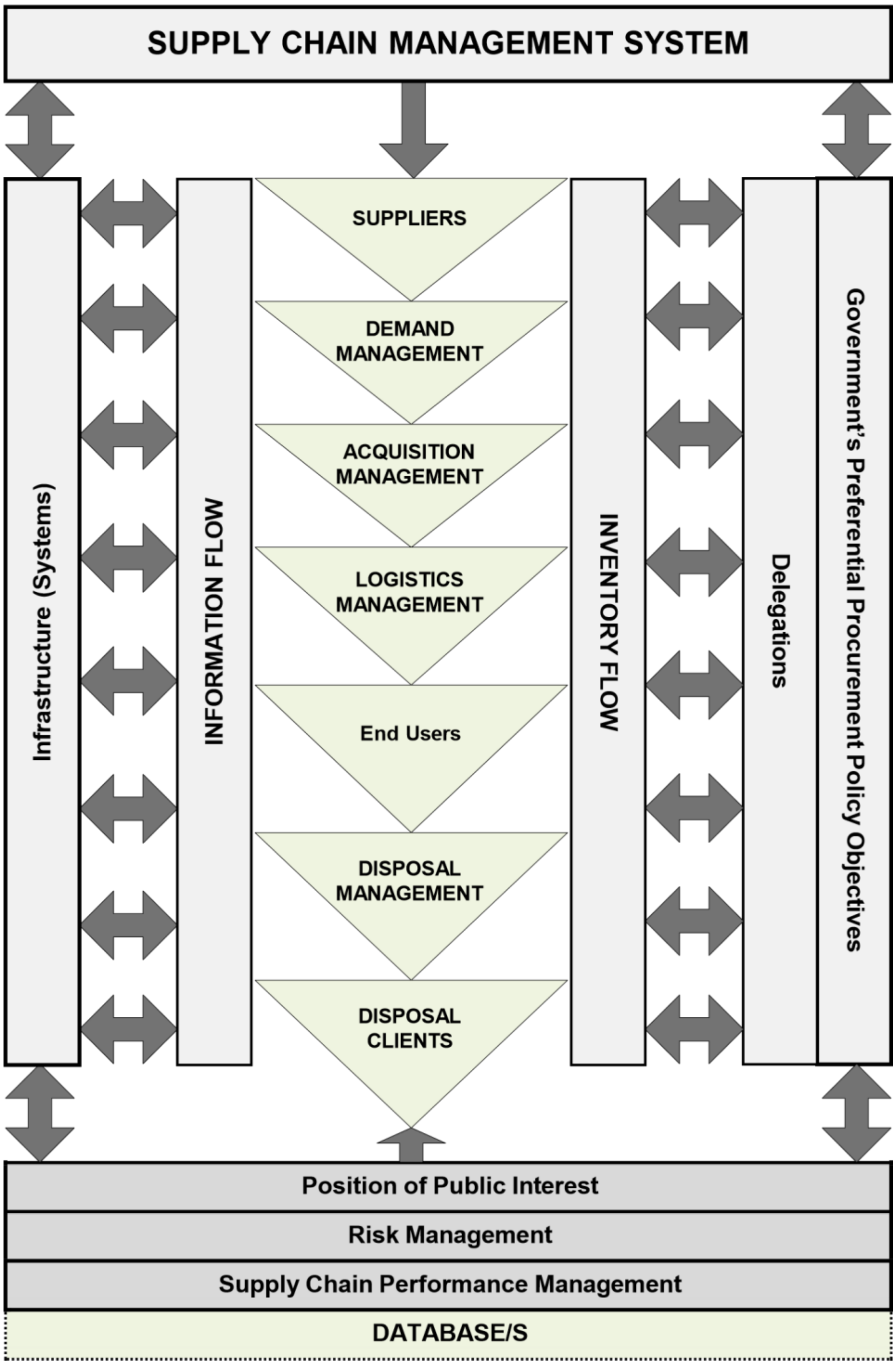
1.6.1. Bidding procedures;

1.6.2. The establishment, composition and functioning of a bid specification, bid evaluation and bid adjudication committees.

1.6.3. Adjudication of bids through a bid adjudication committee.

1.6.4. Consideration of bid evaluation recommendations.

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



2. SCM Unit

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

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

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

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

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

3. Training of SCM Officials

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

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

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

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

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

4. Communication with the MLM

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

5. Availability of Supply Chain Management Policy

5.1. A copy of this policy and other relevant information is available on the MLM‟s website. www.mafubelm.co.za

CHAPTER 2: SUPPLY CHAIN MANAGEMENT FRAMEWORK

PART 1: Demand Management System

1. Introduction

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

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

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

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

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

1.1.1. Include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;

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

1.1.3. Provide for the compilation of required specifications to ensure that its needs are met; and undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximised to the extent appropriate and within the available resources.

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

2.1. **<u>Participation in the strategic planning process</u>**

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

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

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

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

2.2. **Procurement planning**

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

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

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

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

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

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

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

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

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

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

2.4.1.2. Confirmation that sufficient funds have been allocated for the procurement of the required goods, works or services. If this is not so, the end-user must be informed accordingly. The procurement process should not proceed if funds
are not available. Documentary proof must be obtained to substantiate the availability of budgetary provisions;

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

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

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

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

3. Major Activities

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

3.1.1.1. Understanding of the current and future needs;

3.1.1.2. Linking the requirements with the budget; and

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

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

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

3.1.4. Indication of the frequency of the specified requirement;

3.1.5. Assessment of available assets;

3.1.6. Determination of the economic order quantity;

3.1.7. Identification of lead and delivery times;

3.1.8. Planning for publication; and

3.1.9.Conducting an industry and commodity analysis.

PART 2: Acquisition Management System

1. Introduction

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

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

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

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

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

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

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

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

1.2.1. The kind of goods or services;
and 1.2.2. The name of the supplier.

2. Range Of Procurement Processes

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

2.1. One written price quotation for procurement up to a transaction value of R 2000-00 (VAT included) per case;

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

2.3. Competitive 7 days bidding process for procurement of a transaction value over R 30 000 up to R 300 000-00 (VAT included); and

2.4. A formal bidding process for-

2.4.1. Procurement above a transaction value of R 300 000 (VAT included); and

2.4.2. The procurement of long-term contracts.

2.5. The Accounting Officer may, in writing-

2.5.1. Lower, but not increase, the different thresholds values specified in paragraph 2.1 to 2.4; or

2.5.2. Direct that-

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

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

2.5.2.3. A competitive bidding process be followed for any specific procurement of a transaction value lower than R 300 000-00.

2.6. The following threshold values for procurement of purchases between R 0-01 to R 300 000-00 (VAT included), is hereby adopted by MLM.

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

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

2.6.2. **Purchases for amounts between R 30 000 and R 300 000-00 (VAT included):**

The SCMU must ensure that the competitive seven days bidding process is followed in accordance with the Preferential Procurement Policy Framework Act No. 5 of 2000, its regulations and amendments for purchases in this range as well as the CIDB regulations where required.

An invite to quote for goods and services is placed on the website and notice board for 7 days.

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

2.6.3. **Procurement of transaction values above R 300 000 (VAT included)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The bid documentation must require the bidders to furnish:

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

2.6.5.10.1. For the past three years; or

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

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

2.6.5.12. Particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such a contract, and

2.6.5.13. A statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic and, if so, what portion and whether any portion of payment from the MLM is expected to be transferred out of the Republic.

2.7. Splitting of works/services

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

3. General Pre-Conditions Applicable To Bids and Quotations

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

3.1. Has furnished MLM with that bidder's:

3.1.1. Full name;

3.1.2. Identification number or company or other registration number; and

3.1.3. Tax reference number;

3.1.4. VAT Registration number, if applicable; and

3.1.5. Certificate of attendance at a compulsory site inspection, where applicable.

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

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

3.4. Has indicated whether:

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

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

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

3.5. Irrespective of the procurement process followed, MLM may not make any award above R30 000, to a person who is non-tax complaint as declared by the SARS.

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

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

3.7.1. Who is in the service of the state;

3.7.2. If the person is not a natural person, of which any director, manager or principal shareholder or stakeholder is in the service of the state; or 3.7.3. Who is an advisor or consultant contracted with MLM.

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

3.8.1. The name of the person;

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

3.8.3. The amount of the award.

4. List of Accredited Prospective Suppliers

4.1. The Accounting Officer must-

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

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

4.1.3. Specify the listing criteria for accredited prospective providers;

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

4.1.5. The Municipal Supply Chain Management Regulation 38(1) (c) requires a supply chain management policy to provide measures for combating abuse of supply chain management system, and must enable the Accounting Officer to check the National

Treasury's database of restricted suppliers prior to awarding any contract.

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

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

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

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

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

4.7. All Service providers must be registered on the Central Supplier Database as per MFMA Circular 81 who are interested to do business with Municipality.

5. Petty Cash Purchases (R0-01 To R 2000-00)

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

5.2. Petty cash requests not exceeding R 2000-00 VAT included, per transaction may be issued by the approved officials, such transaction shall be treated as the written price quote purchases.

5.3. Where there is a need to purchase any goods or services using a petty cash system, which involves a transaction value up to R2000 (VAT inclusive), the MLM‟s Petty Cash Policy and Procedures shall be adhered to.

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

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

5.6. Petty cash purchases are restricted to emergency cases where the necessity is required within one (1) day to a maximum of R 2000-00 VAT included that could have not been foreseen.

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

5.8. The following items do not qualify as emergency:

5.8.1. Stationery

5.8.2. Items on fixed contracts; and

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

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

6. Formal Written Price Quotations (R2000 to R 30 000)

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

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

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

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

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

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

7. Procedures For Procuring Goods Or Services Through Formal Written Price Quotations (R30 000-00 To R300 000-00).

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

7.1. When MLM intends to enter into any contract which is for the supply of any goods or services, or the execution of any construction work which involves or which is likely to involve a transaction value over R30 000 and up to R300 000 (VAT included), the minimum of three written quotations shall be obtained from providers who are suitably qualified and experienced, having the necessary resources and who are registered on Central Supplier Database and verified on the MLM‟s supplier database. On-going competition amongst providers shall be promoted, including by inviting providers to submit quotations on rotational basis;

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

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

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

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

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

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

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

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

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

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

8. Competitive Bids (Above R300 000)

8.1. Goods or services, construction works, or consultancy services above a transaction value of R 300 000 (VAT included) and for any contract exceeding one year in duration, may only be procured through a competitive bidding process, subject to PART 2, paragraph 1.2 of this policy;

8.2. No requirement of goods or services, construction works or consultancy services above an estimated transaction value of R300 000-01 (VAT included) may deliberately be split into parts or items of lesser value merely to avoid complying with the requirements relating to competitive bids;

8.3. When determining transaction values, a requirement for goods or services, construction works or consultancy services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction; and 8.4. The prescripts of PPPFA must be adhered to.

9. Process for Competitive Bidding

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

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

10. Compilation of Bid Documentation

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

10.1. Take into account-

10.1.1. The general conditions of contract and any special conditions of contract;
10.1.2. Any Treasury guidelines on bid documentation; and
10.1.3. The requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure.

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

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

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

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

10.4.1.1. For the past three years; or

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

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

10.4.3. Particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;

10.4.4. A statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of the payment from the municipality is expected to be transferred out of the Republic; and

10.4.5. Stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

10.5. Contracts relating to information technology are prepared in accordance with the State Information Technology Act, 1998 (Act No. 98 of 1998); and **10.6.** Specifications or terms of reference, need to include the following, where applicable:

10.6.1. Description of the requirement;
10.6.2. Background;

10.6.3. Objectives of the project, where applicable;

10.6.4. Quantity/volume required, where applicable;

10.6.5. Plans and drawings, where applicable;

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

10.6.7. Minimum performance requirements;

10.6.8. Expected outcomes/deliverables linked to the cost;

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

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

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

10.6.12. This period of time must also be precisely stated, e.g. "contract period: 24 months".

Statements such as "within x months" or "before x months" must not be used;

10.6.13.Schedule for service delivery or completion date;

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

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

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

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

10.6.18. The warrantee requirement and period applicable;

10.6.19.Whether samples must be submitted;

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

10.6.21. Budget;

10.6.22. Competency and expertise requirements;

10.6.23.Roles assigned to role players, where applicable;

10.6.24.Reporting requirements, where applicable; and

10.6.25.Any other information.

11. Public Invitation for Competitive Bids

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

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

11.2. Bids must be invited by SCMU only after approval of the specifications by the Accounting Officer. The specifications obtained by the Bid Specifications Committee must be signed by the chairperson of the Committee**.**

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

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

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

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

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

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

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

11.4.6. The deposit payable, if any;

11.4.7. The place where bids must be submitted;

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

11.4.9. The required CIDB contractor grading for construction work.

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

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

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

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

11.9. Availability of documents:

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

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

11.10. Validity period:

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

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

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

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

11.11. Site inspection/briefing sessions:

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

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

11.11.2.1. The name of the participant;
11.11.2.2. The relevant institution the participant represent; and
11.11.2.3. Contact details including the email address.

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

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

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

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

12. Procedure for Handling, Recording and Opening of Bids

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

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

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

12.4. Bid-

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

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

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

12.5.1. The SCM Official must-

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

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

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

12.5.2. The register must include the following:

12.5.2.1. Bid description and number;

12.5.2.2. Closing date;

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

12.5.2.4. Name of the bidder; and

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

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

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

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

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

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

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

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

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

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

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

12.6. Late Bids

12.6.1. Bids received late will not be considered;

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

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

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

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

12.7. Signing Of Bids

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

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

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

12.8. Invalid Bids

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

12.8.1.1. If the bid is not sealed;

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

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

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

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

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

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

12.9. Tax Compliance Status

12.9.1. The MLM shall disqualify any bid from a bidder who fails to provide written proof that the respective bidder has made arrangements to meet outstanding tax obligations;

12.9.2. As proof that there are no outstanding tax obligations, the CSD and tax compliance status pin must be submitted by the bidder to Mafube LM.

12.9.3. Bidders should authorize the MLM to confirm the status from SARS that their tax matters are in order.

13. Negotiation with Preferred Bidders

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

13.2.1. Does not allow any preferred bidder a second or unfair opportunity;
13.2.2. Is not to the detriment of any other bidder;
and 13.2.3. Does not lead to a higher price than the bid submitted.

13.2/. Minutes of such negotiations must be kept for record purposes.

14. Two Stage (Prequalification) Bidding Process

A two stage bidding process is allowed for:

14.1. Large complex projects;

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

14.3. Long term projects with a duration period exceeding three years.
14.4. In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments; and 14.5. In the second stage final technical proposals and priced bids should be invited.

15. Two Envelope System

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

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

15.3. Bidders are required to submit two enveloped:

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

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

16. Committee System for Competitive Bids

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

16.1.1. A bid specification committee;

16.1.2. A bid evaluation committee; and

16.1.3. A bid adjudication committee.

16.2. The Accounting Officer has been delegated the authority to appoint different members for each committee relevant to the expertise/knowledge required, taking into account section

117 of the Act which excludes Councillors from serving on any SCM committee;

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

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

17. Bid Specification Committee

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

17.2. Specifications-

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

17.2.2. Must take into account any accepted standards such as those issued by South African Bureau of Standards, the International Standards

Organization, or an authority accredited or recognized by the South African National Accreditation System with which the equipment or material or workmanship should comply;

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

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

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

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

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

17.3. Composition of the Bid Specification Committee

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

17.3.2. A bid specification committee must be composed of one or more officials of the Mafube Local Municipality entity, preferably the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.

17.3.3. The quorum of the BSC shall be all the three members.

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

17.3.5. Where appropriate a representative of Internal Audit and/or Legal Services and/or external specialist advisor may form part of this committee.

17.3.6. In the development of bid specifications, innovative mechanisms should be explored to render the service to product in a more resource and energy efficient manner.

17.3.7. Bid Specification Committee meetings must be conducted in accordance with the applicable Rules of Order Regulating the Conduct of Meetings.

18. Bid Evaluation Committee

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

18.1.1. Commercial evaluation for compliance in terms of original and valid tax clearance certificate, check in respect of recommended bidder whether their municipal rates and taxes and municipal service charges are not in arrears, documents completed and signed in full;

18.1.2. Compliance to the specifications;

and 18.1.3. Pricing and PPPFA compliance.

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

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

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

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

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

18.5.2. Preferential procurement;

18.5.3. Price;

18.5.4. Functionality;

18.5.5. BEE status level of contributor; and

18.5.6. Capability/ability of the bidder.

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

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

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

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

18.8.2. At least one SCM Practitioner of the municipality.

18.9. The BEC shall be composed of members and 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 Mafube Local Municipalityentity.

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

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

18.12. Preferential Procurement Point System

18.12.1. The 80/20 preference formula must be used to calculate the points for price in respect of acquisition of goods, services or works to a rand value of R50 million;

18.12.2. The 90/10 preference formula must be used to calculate the points for price in respect of acquisition of goods, services or works with the rand value above R50 million; and

18.12.3. A maximum of 20 or 10 points must be allocated to for a specific goal.

19. Bid Adjudication Committee

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

19.2 A bid adjudication committee must consist of at least four senior managers of the municipality which must include—

(i) The Chief Financial Officer or, if the chief financial officer is not ·available, another manager in the budget and treasury office reporting directly to the Chief Financial Officer and designated by the Chief Financial Officer;

(ii) At least one senior supply chain management practitioner who is an Official of the Mafube Local Municipality entity; and

(iii) A Technical expert in the relevant field who is an Official of the municipality, if the municipality has such an Expert.

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

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

19.5 The quorum of the meeting of BAC shall be 50 percent plus one (1) members.

19.6. Adjudication and Award

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

19.5.2 In the event that the BEC and BAC don‟t agree on the certain aspect of the bid, the matter will be referred to the Accounting Officer for consideration;

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

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

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

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

20 **Notifying Successful/ Unsuccessful Bidders**

20.1 Informing The Successful Bidders

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

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

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

20.2 Informing The Unsuccessful Bidders

20.2.1 Once the successful bidder has been advised of the award and he has accepted the award, the SCM Unit must inform unsuccessful bidders in writing that their bids were unsuccessful.

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

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

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

21 Publication Of Names Of Bidders In Respect Of Advertised Competitive Bids, Above Threshold Value of R300 000 (All Applicable Taxes Included)

21.1 Once bids have been closed, the following information must be published on MLM‟s website and on e-tender portal.

21.1.1. The reference number of the bid;

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

21.1.3. Names of all bidders and their specific goals obtained;

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

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

21.2 Once bids have been awarded, the following information must be published on MLM‟s website and eTender portal:

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

21.2.2. Names of successful bidder (s) and specific goals claimed;

21.2.3. The contract price(s), and

21.2.4. Brand names and dates for completion of contracts.

21.3 Records of such information must be retained for audit purposes

22 Acquisition of Goods or Services from other Organs of State or Public Entities

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

23. Acquisition of Goods and Services under Contracts Secured By Other Organs of State.

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

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

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

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

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

24. Acquisition Of Banking Services

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

24.1.1. Shall be procured through a competitive bidding process;

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

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

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

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

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

25. Acquisition of ICT Related Goods or Services.

25.1. If the transaction value of ICT related goods or services exceeds R50 million in any financial year, or if the transaction value of a single contract (whether for one or more years) exceeds

R50 million, the Accounting Officer must notify the SITA together with the motivation of the ICT needs of MLM.

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

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

26. Acquisition of Goods Necessitating Special Safety Arrangements.

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

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

27. Appointment Of Consultants

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

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

27.2.1The value of the contract exceeds R300 000 (VAT included); or

27.2.2 The duration of the contract exceeds one year.

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

27.3.1 All consultancy services provided to an organ of state in the last five years; and
27.3.2 Any similar consultancy service provider to an organ of the state in the last five years.

27.4. 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.

28. Public-Private-Partnerships

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

29. Publications in Newspapers

29.1 In respect of any contract relating to the publication of official and legal notices and advertisements in the press by or on behalf of MLM, there requirement for formal written price quotation process to be followed.

30. Unsolicited Bids

If a Mafube Local Municipality entity decides in terms of section 113 (2) of the Act to consider an unsolicited bid, it may do so if –

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

The product or service will be exceptionally beneficial to, or have exceptional cost advantages for, the Mafube Local Municipality entity.

The person who made the bid is the sole provider of product or service; and

The reasons for not going through the normal bidding processes are found to be sound by the accounting officer.

(3) If a Mafube Local Municipality entity decides to consider an unsolicited bid that complies with sub- regulation (2) , the Mafube Local Municipality entity must make its

decision public in accordance with section 21A of the Municipal Systems Act, together with-

(a) its reasons as to why bid should not be open to other competitors;

(b) an explanation of the potential benefits for the municipality or entity was it to accept the unsolicited bid; and

© an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.

(4) Once the Mafube Local Municipality entity has received written comments pursuant to sub- regulation (3), it must submit such comments, 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 Mafube Local Municipality entity to the bid may be entered into or signed within 30 days of the submission.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

31. Deviation from, and Ratification of Minor Breaches of the Bid Processes

31.1. The Accounting Officer may:

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

31.1.1.1. Any contract relating to an emergency (as described in MSCM Regulation 36) where it would not be practical to follow normal SCM processes;

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

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

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

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

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

31.1.1.4.3. Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required such as strip and quote and other.

31.1.1.5 To ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

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

32. Obligation To Report

32.1. The reasons for all deviations shall be recorded and reported by the Accounting Officer to Council at the next Council meeting, and shall be included as a note to the Annual Financial Statements.

33. Combating Abuse Of The Supply Chain Management Policy

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

33.2. Shall investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair irregular practices or failure to comply if the supply chain management policy, and when justified-

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

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

33.4. Shall 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;

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

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

3.5 to 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 Mafube Local Municipality entity, or to any other Mafube Local Municipality entity, are in arrears for more than three months; or

(ii) who during the last five years has failed to perform satisfactory on a previous contract with the Mafube Local Municipality entity or any other organ of state after written notice was given to that bidder they performance was unsatisfactory.

(e) to 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 completing for the particular contract;

(f) to cancel a contract awarded to a person if –

(i) the person committed any corrupt of fraudulent act during the bidding process or the execution of the contract; or

(ii) an official or other role player committed any corrupt of fraudulent act during the bidding process or the execution of the contract that benefited that person; and

(g) to reject the bid of any bidder if that bidder or any of its directors-

(i) has abused the supply chain management system of the Mafube Local Municipality entity or has committed any improper conduct in relation to such system;

(ii) has been convicted for fraud or corruption during the past five years;

(iii) Has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or

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

(2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of sub- regulation (1) (b) (ii) , (e) or (f)

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

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

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

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

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

33.3.

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

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

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

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

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

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

PART 3: Other Matters

1. Prohibition on Awards to persons whose tax matters are not in order

1.1. No award above R30 000 (vat included) may be made in terms of this Policy to a person who is not tax compliant.

1.2. Before making an award to a bidder, the AO must first check the bidder's tax compliant status.

2. Prohibition on awards to persons in the Service of the State

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

2.1. Who is in the service of the state;

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

2.3. 2.3. A person who is an Advisor or Consultant contracted with the municipality.

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

The AO must ensure that the notes to the Annual Financial Statements disclose particulars of any award of more than R 2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including-

3.1. The name of that person;

3.2. The capacity in which that person is in the service of the state; and 3.3. The amount of the award.

4. Ethical Standards

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

4.1.1. Mutual trust and respect; and

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

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

4.2.1. In the case of an employee, in terms of the disciplinary procedures of the municipality envisaged in section 67(1)(h) of the Municipal Systems Act;

4.2.2. In the case of the role player who is not an employee, through other appropriate means in recognition of severity of the breach. 4.2.3. In all cases, financial misconduct must be dealt with in terms of Chapter 15 of the Act.

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

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

5.1. No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of, may either directly or through a representative or intermediary promise, offer or grant –

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

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

5.1.2.1 Any official; or any other role player involved in the implementation of this Policy.

5.1.3. The AO must promptly report any alleged contravention of this sub-paragraph 5.1 to the National Treasury for considering whether the offering person, and any representative or intermediary through which such a person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector; and 5.1.4. A gift register must be maintained and kept.

6. Sponsorships

6.1. The Accounting Officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is:

6.1.1.A provider or prospective provider of goods or services; or
6.1.2. A recipient or prospective recipient of goods disposed or to be disposed.

7. Objections And Complaints

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

8. Resolution Of Disputes, Objections, Complaints And Queries

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

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

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

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

8.3. The Accounting Officer, or another official designated by the Accounting Officer, is responsible for assisting the appointed person to perform his or her functions effectively.

8.4. The person appointed must-

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

8.4.2. Queries received; and

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

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

8.5.1 The dispute, objection, complaint or query is not resolved within 60 days; or 8.5.2. No response is forthcoming within 60 days.

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

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