MUNICIPAL SUPPLY CHAIN MANAGEMENT

POLICY AND PROCEDURES
TABLE OF CONTENTS

1. Definitions

CHAPTER 1
IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Supply chain management policy
3. Amendment of supply chain management policy
4. Delegation of supply chain management powers and duties
5. Sub-delegations
6. Oversight role of council
7. Supply chain management units
8. Training of supply chain management officials

CHAPTER 2
SUPPLY CHAIN MANAGEMENT SYSTEM

9. Format of supply chain management system

PART 1: DEMAND MANAGEMENT

10. System of demand management

PART 2: ACQUISITION MANAGEMENT

11. System of acquisition management
12. Range of procurement processes and supporting programs
13. General preconditions for consideration of written quotations or bids
14. Lists of accredited prospective providers
15. Petty cash purchases
16. Written or verbal quotations
17. Formal written price quotations
18. Procedures for procuring goods or services through written or verbal quotations and formal written price quotations
19. Competitive bidding process
20. Process for competitive bidding
21. Bid documentation for competitive bids
22. Public invitation for competitive bids
23. Procedure for handling, opening and recording of bids
24. Negotiations with preferred bidders
25. Two-stage bidding process
26. Committee system for competitive bids
27. Bid specification committees
28. Bid evaluation committees
29. Bid adjudication committees
30. Procurement of banking services
31. Procurement of IT related goods or services
32. Procurement of goods and services under contracts secured by other organs of state
33. Procurement of goods necessitating special safety arrangements
34. Proudly SA Campaign
35. Appointment of consultants
36. Deviation from, and ratification of minor breaches of procurement processes
37. Unsolicited bids
38. Combating of abuse of supply chain management system
PART 3: LOGISTICS, DISPOSAL, RISK AND PERFORMANCE MANAGEMENT

39. Logistics management
40. Disposal management
41. Risk management
42. Performance management

PART 4: OTHER MATTERS

43. Prohibition on awards to persons whose tax matters are not in order
44. Prohibition on awards to persons in the service of the state
45. Awards to close family members of persons in the service of the state
46. Ethical standards
47. Inducements, rewards, gifts and favours
48. Sponsorships
49. Objections and complaints
50. Resolution of disputes, objections, complaints and queries
51. Contracts providing for compensation based on turnover
52. Construction Industry Development Board
53. Process for the Restriction of Suppliers from doing business with Council
54. Contract management
55. Contracts having budgetary implications beyond three financial
56. Increase/extension in contract sum/period
57. Implementation date
1. **DEFINITIONS**

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

“**Competitive bidding process**” means a competitive bidding process referred to in Section 12.1 (1) (d) to (e) of this policy;

“**Competitive bid**” means a bid in terms of a competitive bidding process;

“**CIDB**” means Construction Industry Development Board Act, Act 38 of 2000;

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

“**Formal written price quotation**” means quotations referred to in Section 12.1 (1) (a) to (c) of this policy;

“**In the service of the state**” means to be –

(a) a member of –

   (i) any municipal council;

   (ii) any provincial legislature; or

   (iii) the National Assembly or the National Council of Provinces;

(b) a member of the board of directors of any municipal entity;

(c) an official of any municipality or municipal entity;

(d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of Public Finance Management Act, 1999 (Act no. 1 of 1999);

(e) a member of the accounting authority or any national or provincial public entity; or

(f) an employee of Parliament or a provincial legislature;

“**Long term contract**” means a contract with a duration period exceeding one year;

“**List of accredited prospective providers**” means the list of accredited prospective providers which a Municipality must keep in terms of Section 14 of this policy;
“Database of restricted bidders” means the database of bidders restricted from doing business with a Municipality as set out in paragraph 53 of this policy as defined in Circulars 43, 46, 52 and 56 of National Treasury.

“Other applicable legislation” means any other legislation applicable to the municipal Supply Chain Management, including but not limited to –

(a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000), the PPPFA regulations and all amendments;

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

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

(d) The Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2003), the regulations and all amendments.

(e) The Competition Act, 1998 (Act 89 of 1998), the regulations and all amendments.

“Petty Cash”, means a small amount of cash kept on hand for incidental purchases of low value goods and services (i.e. postage, office suppliers, reimbursement out-of-pocket expenditures), which cannot be accommodated through other purchasing procedures. Petty cash may not be used for payroll payments, inventory, capital goods, entertainment expense, travel expenses and other personal obligations.

“Single source”: refers to when the competition exist in the market, but from a selected few suppliers due to technical capabilities and abilities comply with the requirements of the municipality.

“Sole Supplier:” It refers in instances where there is no competition and only one service provider exist in the market, with sole distribution rights and/or patent rights or manufacturer.

“Strip & quote:” When the repairs and maintenance on our machines, vehicles are done by one supplier and/or strip-and-quote, for example a municipal vehicle enters the workshop that needs repairs, however to do the repairs, the vehicle has to be send to a supplier that determines what repairs 6 should be done.

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

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

“Written or verbal quotations” means quotations referred to in paragraph 12(1)(b) of this Policy.

“The Council” means the Midvaal Local Municipality abbreviated to MLM.
CHAPTER 1

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Supply chain management policy

(1) All officials and other role players in the supply chain management system of the Midvaal Local Municipality must implement this Policy in a way that –

(a) gives effect to –

(i) section 217 of the Constitution; and
(ii) Part 1 of Chapter 11 and other applicable provisions of the Act;

(b) is fair, equitable, transparent, competitive and cost effective;

(c) complies with –

(i) the Regulations; and
(ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;

(d) is consistent with other applicable legislation;

(e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and

(f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

(2) This Policy applies when the Midvaal Local Municipality –

(a) procures goods or services;
(b) disposes goods no longer needed;
(c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
(d) selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.

(3) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including:

(a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
(b) electricity from Eskom or another public entity, another municipality or a municipal entity.

3. **Amendment of the supply chain management policy**

   (1) The accounting officer must –

   (a) at least annually review the implementation of this Policy; and

   (b) when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the council

   (2) If the accounting officer submits proposed amendments to the council that differ from the model policy issued by the National Treasury, the accounting officer must –

   (a) ensure that such proposed amendments comply with the Regulations; and

   (b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.

   (3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

4. **Delegation of supply chain management powers and duties**

   (1) The council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –

   (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –

   (i) Chapter 8 or 10 of the Act; and

   (ii) this Policy;

   (b) to maximise administrative and operational efficiency in the implementation of this Policy;

   (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and

   (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.

(2) Sections 79 and 106 of the Act apply to the sub-delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).
The accounting officer may not sub-delegate any supply chain management powers or duties to a person who is not an official of the Midvaal Local Municipality or to a committee which is not exclusively composed of officials of the Midvaal Local Municipality;

This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

5. **Sub-delegations**

(1) The accounting officer may in terms of section 79 or 106 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub-delegation must be consistent with subparagraph (2) of this paragraph, paragraph 4 of this Policy and as set out in the Systems of Delegations of Executive Director: Financial Services.

(2) The Municipal Manager hereby sub-delegates the following and gives power to make a final award -

(a) above R10 million (VAT included) may not be sub-delegated and is thus to be awarded by the Accounting Officer only;

(b) above R200 000-00 (VAT included), but not exceeding R10 million (VAT included), is hereby sub-delegated to –

   (i) The Chief Financial Officer and/or

   (ii) The bid adjudication committee (as comprised below) of which the chief financial officer or a senior manager is a member consisting of the following Executive Directors or persons acting in their stead:

   - Executive Director: Financial Services
   - Executive Director: Community Services
   - Executive Director: Corporate Services
   - Executive Director: Protection Services
   - Executive Director: Engineering Services
   - Executive Director: Development & Planning
   - Executive Director: Management Services

(c) not exceeding R200 000-00 (VAT inclusive) is hereby sub-delegated as follows –

   (i) The Chief Financial Officer to approve acquisitions between R30 000 and R200 000 vat inclusive;

   (ii) The following is sub-delegated by the CFO to a manager directly accountable to the Chief Financial Officer:
(a) The Deputy Chief Financial Officer to approve acquisitions between R2 000 and R30 000 (vat inclusive);

(b) The Director: Expenditure to approve acquisitions between R500 and R2 000 (vat inclusive);

(c) The Assistant Director: Expenditure to approve acquisitions between R0 and R500 (vat inclusive).

(3) The bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph (2) (b) must within ten days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such committee during that month, including:

- the amount of the award;
- the name of the person to whom the award was made; and
- the reason why the award was made to that person.

(4) A written report referred to in subparagraph 2 (b) (ii) must be submitted –

(a) to the accounting officer, in the case of an award by –

   (i) the chief financial officer;

   (ii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or

(b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by –

   (i) a manager referred to in subparagraph (2)(c)(ii); or

   (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.

(5) Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.

(6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

(7) No supply chain management decision-making powers may be delegated to an advisor or consultant. Advisors and Consultants may attend bid specifications and bid
evaluation committees in their professional capacity and limited to consultants appointed by council as principle agents, who were either involved with drafting of specifications and technical evaluation of bids under their supervision as per their appointment. Both Bid Specifications and Bid Evaluation Committees do not have decision-making or award powers only recommendation powers.

6. **Oversight role of council**

   (1) The council reserves its right to maintain oversight over the implementation of this Policy.

   (2) For the purposes of such oversight the accounting officer of MLM must:

   (a) (i) Within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or shared control of MLM, to the council of the Midvaal Local Municipality; and

   (ii) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council.

   (3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor.

   (4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

7. **Supply chain management unit**

   (1) A supply chain management unit is hereby established to implement this Policy.

   (2) The supply chain management unit operates under the direct supervision of the Chief Financial Officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

8. **Training of supply chain management officials**

   The training of officials involved in implementing this Policy should be in accordance with national Treasury: 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.
CHAPTER 2  
SUPPLY CHAIN MANAGEMENT SYSTEM

9. Format of supply chain management system

This Policy provides systems for –

(i) demand management;
(ii) acquisition management;
(ii) logistics management;
(iv) disposal management;
(v) risk management; and
(vi) performance management.

PART 1: DEMAND MANAGEMENT

10. System of demand management

(1) The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the Midvaal Local Municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan. This section must be read with Circular 1 of 2014 issued by Gauteng Provincial Treasury dated 03/01/2014.

(2) The demand management system must –

(a) include timely planning and management processes to ensure that all goods and services required by the Midvaal Local Municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;

(b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature (such as long term contracts); and

(c) provide for the compilation of the required specifications to ensure that its needs are met;

(d) Take into account past spending analysis;

(e) undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximised to the extent appropriate and within the available resources.
(3) **Request to proceed with the supply chain process:**

The end user to submit the fully completed and signed request *(Annexure “A”)* for bid process to the SCM unit to proceed with the relevant supply chain process to procure the required goods and services.

The specifications must be compiled as follows:

- Background why and how the goods and/or services required will be utilised (e.g. service delivery, legal compliancy, etc);

- Cost estimate of goods and services required based on actual market research and/or breakdown of services based on e.g. labour, fuel, travel, insurance, etc.

- Budget and funding sources be confirmed;

- Proposed cash flow expenditure over the term of contract;

- Technical requirements including methodology, scope of works, unit of measures and minimum requirements;
PART 2: ACQUISITION MANAGEMENT

11. System of acquisition management

(1) The accounting officer must implement the system of acquisition management set out in this Part in order to ensure –

(a) that goods and services are procured by the Midvaal Local Municipality in accordance with authorised processes only;

(b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;

(c) that the threshold values for the different procurement processes are complied with;

(d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and

(e) that any Treasury guidelines (as per the circulars issued) on acquisition management are properly taken into account.

(2) When procuring goods or services 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 Midvaal Local Municipality’s supply chain management system, including –

(a) the kind of goods or services; and

(b) the name of the supplier.

12. Range of procurement processes

12.1 Goods and services may only be procured by way of –

(a) One written quotation for petty cash purchases, up to a transaction value of R500-00 (vat inclusive) per case. A valid tax invoice or cash slip must be handed in within 2 (two) days.

(b) One written quotation for procurement of a transaction value over R500-01 up to R2 000-00 (vat inclusive);

(c) 3 written quotations for procurement of a transaction value over R2 000-01 up to R30 000-00 (vat inclusive);

(d) Competitive 7 – day bidding process for procurement of a transaction value over R30 000-01 up to R200 000-00 (vat inclusive); and
(e) a formal competitive bidding process for—
   (i) procurement above a transaction value of R200 000-01 (VAT included); and
   (ii) the procurement of long term contracts.

12.2 THE ACCOUNTING OFFICER MAY, IN WRITING-

(a) Lower, but not increase, the different threshold values specified in subparagraph (12.1); or

(b) Direct that—
   (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000;
   (ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R30 000; or
   (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.

12.3 THE FOLLOWING THRESHOLD VALUES FOR PROCUREMENT OF PURCHASES BETWEEN R0-01 TO R200 000-00 IS HEREBY ADOPTED BY MIDVAAL LOCAL MUNICIPALITY AND IS TO BE ADHERED TO AT ALL TIMES:

**Purchases for amounts between R0-01 and R500-00 (per request)**

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

**Purchases for amounts between R500-01 and R2 000-00**

A minimum of 1 written quote is 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 the SCMU.

**Purchases for amounts between R2 000-01 and R30 000-00**

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 the SCMU.
**Purchases for amounts between R30 000-01 and R200 000-00**

The SCM Unit must ensure that the competitive 7-day bid process is followed in accordance with the Preferential Procurement Policy Framework Act 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 boards for 7 days.

Detailed specifications need to be signed off prior to placement of ad at an informal specifications committee meeting.

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

The informal evaluation committee to take minutes and submit an approval memo under the signature of the end user department HOD to the CFO for approval and printing of an order to be signed off by the HOD and CFO or an appointment letter to be signed off by the HOD and CFO.

**Purchases for amounts above R200 000-01**

The formal bid process must be followed in accordance with the Preferential Procurement Policy Framework Act 5 of 2000, its regulations and its amendments as well as the CIDB regulations where required. Detailed specifications need to be signed off prior to placement of ad at a formal specifications committee meeting as appointed by the Accounting Officer.

The submitted bids will be commercially evaluated on receipt thereof at the time and date of closing by the SMC unit and the bids will be evaluated, conduct site inspections (where required) in collaboration with the other departments (where applicable) by the members who approved the specifications and a representative from the Supply Chain Management Unit.

A recommendation is formalised at the bid evaluation meeting and SCM will table the agenda report to the Bid Adjudication Committee for approval. The SCM unit will print an order to be signed off by the HOD and CFO/delegate or compile the appointment letter to be signed off by the HOD and CFO on approval of the bid committee.

**COMPLIANCE WITH RELATED POLICIES:**

All purchases of goods and services as set out in the Range of procurement processes are required to follow the processes and procedures as set out in the “COMMODITY/SECTOR BASED PROCUREMENT POLICY” within the time frame as set out in the “SCM PROCESS TURN-AROUND TIME POLICY”.
12.4 **SUNDARY PAYMENTS**

The following line items are not required to be procured through the SCM process.

The end user to complete and submit the sundry documents with the original invoice to the SCM unit to check for legal compliance:

- Audit fees;
- Bursaries and student practical work;
- Compensation for injuries and diseases;
- Legal expenses (outside the formal bid process – limited to ad hoc services);
- Congresses/Prof meetings (S & T);
- Donations/grants by Council;
- Entertainment; Finance – cash collection;
- Medical expenses not on contract;
- Telecommunications (Telkom);
- Reference books and magazines;
- Ward committee allowances;
- Inter-departmental charges;
- All employee/Councillors related costs;
- Purchase of specialised Library equipment & books;
- Bank Charges;
- Election Activities
- License fees;
- Postage;
- Mayoral donations;
- Membership fees;
- Nutritional care;
- Randwater;
- Eskom;
- Debit orders;

NB. Even though the abovementioned services do not follow formal bid process, a Service Level Agreement or contract must be in place for each service mentioned where applicable.

- Fixed term service contracts appointed through the formal bid process where it is difficult to identify beforehand what the total quantity of work will be done on sundry payments (e.g. maintenance of tarred roads, vacuum tank services, Maintenance of sewer pipelines, etc.) clearly marked with the bid number.

- Purchases less than R2 000-00 (vat inclusive) for emergency situations may be sourced directly from vendors listed on Midvaal’s accredited data list and paid by Sundry payment with the approval of the HOD and CFO/Director: Expenditure.

All the above requests must be signed by the requestor, the HOD and CFO/delegate.

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

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

Any additional work/services must be requested through the correct SCM process and a new order be printed for approval by the HOD and CFO/delegate.
All printed orders except for the IT orders are to be collected from the SCM office on a daily basis.

12.5 SPLITTING OF WORKS/SERVICES

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

12.6 EMERGENCY/AFTER HOUR SERVICES

Any works or services procured after hours or during an emergency situation as defined in the MFMA, may be paid on a Sundry Payment request and the following to be attached:

- The original tax invoice
- The fully completed and signed ex post facto forms as set out hereunder.
Section 36 of the Supply Chain Management Regulations (Gazette 27636, 30 May 2005) – Deviation from, and ratification of minor breaches of, procurement process reads as follows:

“The accounting officer may –

(a) Dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –

(i) in an emergency;

(ii) if such goods or services are produced or available from a single provider only;

(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;

(iv) acquisition of animals for zoos and/or nature and game reserves; or

(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and

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

(2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.

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

To comply with these regulations it is necessary to put a process in place for purchases where it is impractical to follow the formal bid process for emergency cases.

The Executive Director and Municipal Manager may approve any action of an end-user within the power conferred upon them by the Council ex post facto, provided that the they are satisfied that such action of the end-user took place in circumstances of emergency or otherwise was in the best interest of the state.

It must also be done without negligence, provided that the Council has not suffered any damage as a result thereof.
The CFO and MM, as delegated, may approve, ex post facto (approval after the time), any action of an end-user if they are satisfied about the following:

i) As a result of circumstances which could not be foreseen, immediate action was needed in order to relieve, prevent, or to stem a dangerous or perilous condition, misery, defect or damage which might have been or was brought about as a result of this condition; or

ii) Where such action of the end-user was of such urgency in order to obtain, gain or to promote a financial or material advantage for the Council, that time did not allow for the use of the services of the Supply Chain Management, or prior approval from the bidding committee.

Where a lack of action could have harmed the esteem or image of the Council, provided that the bidding committee is satisfied with the following:

- That the action did not originate as a result of negligence;
- That the action was taken with care and conforms with what is expected from a reasonable person, and
- That no fruitless expenditure was incurred as a result of the action.

When irregular action that has resulted in the conclusion of a contract is submitted for consideration, the following must be indicated:

i) In respect of cases where emergency is pleaded:

- An indication of the circumstances which could not be foreseen;
- An outline of the specific dangerous or perilous conditions, misery or defect that occurred as a result thereof or the damage it could have brought about;
- What was aimed at with the action in order to relieve, stem and/or prevent the condition; and
- Proof to the effect that, seen in retrospect, what the actual result of the action was with regard to the appointed goal.

ii) In cases where best interest is pleaded, the following must be fully motivated:

- The reason for urgent action;
- The negative result that could have occurred if prescribed bidding procedures were taken a comparison of the result that was brought about by the action; and
- Whether the unauthorised action yielded better results than would have been yielded if the prescribed bidding procedures had been followed.
iii) **In respect of both emergency and best interest:**

- The exact detail of time and timescale applicable at the time of action;
- What attempts were made to obtain prior authorisation from the bidding committee;
- The manner of handling invitation of price quotation and/or bids, placement of order and payment;
- The conditions which were applicable; and how the price analysis and comparison with normal price was made.

In order to facilitate the consideration of applications, all applications for **ex post facto** approval in cases of emergency or in the best interest of the Council must be submitted on **forms A, B and C** which are attached as **Annexure B**.

When it is obvious that an unauthorised action did not comply with the requirements for **ex post facto** approval e.g. when damage or loss is present or loss is present
12.7 **C.O.F AND STRIP & QUOTES ON PLANT AND EQUIPMENT (INCLUDING ELECTRICAL EQUIPMENT) FOR REPAIRS AND MAINTENANCE:**

The mechanical workshop and or other departmental representative authorised in writing by the Accounting Officer, may rotate COF and strip and quotes on vehicle, plant and equipment for repairs and maintenance jobs amongst the accredited service providers listed on the data base using the rotation basis. The SCM unit can be contacted directly to access the rotation register that is maintained on a continuous basis.

The mechanical workshop and or other departmental representative authorised in writing by the Accounting Officer, may source the quotations and request an order following the SCM process for approval by the relevant HOD. The representatives are responsible to collect the order from Finance and give directly to the company for the repairs and maintenance. The invoices will be signed off after inspection of the repairs and maintenance to vehicles, plant and equipment by the MLM representatives and relevant HOD.

12.8 **STOCK ON HAND**

- That small amounts of cable required as a once-off be purchased on an as and when required basis following a closed 7 day process whereby the accredited vendors on MLM database is invited to submit a tender for these items.

- Electrical, water and sewer items currently in stock be kept to a minimum for emergency purposes;

- All fixed contract items on a three year contract with directory numbers, be collected by delegated persons within the electrical, water and sewer departments on an as and when required basis from the suppliers that were appointed as “stores” with 24 hour access. The delegated persons may pick up the required bid contract items directly from the appointed bidders by producing a works order request as referred to in the MLM Stores Management Policy attached hereto signed by the Supervisor in terms of delegated authority, to the supplier and upon receipt, collect the original tax invoice. The collecting person is required to write their name, surname, contact number, date and signature on the delivery note and invoice.

- Same process to be followed for emergency after hour collections restricted to the Directory items on fixed contract.

- The sundry payment requests and invoices are to be signed by the end user and Head of Department and submitted to the Supply Chain Unit who will confirm the items against the contract and capture the purchased items on the Intenda system for record and budget purposes.

- That items not on contract that may be required to complete a call out or emergency situation may be collected from these suppliers holding stores, limited to after hour situations (between 16:01 pm and 07:29 am the following day). The ex-post facto forms to be completed and signed with the sundry payment request.
- That costs incurred for the purchase of non-contract items not following the normal supply chain process during office hours will constitute a breach of procurement processes.

12.9 PURCHASING OF NEW VEHICLES

(i) The end user is responsible to draw up the detailed specification and such specifications for new purchases are to be commented on by all the departments including the fleet co-ordinator in collaboration with the workshop manager.

(ii) New vehicle purchases to be delivered to the mechanical workshop to ensure that all administrative processes are followed (opening of vehicle file, bar coding, logo, licence, etc.) The end user in collaboration with the workshop manager to inspect the vehicles delivered for defects and specification compliance.

(iii) The final acceptance form (available from the fleet coordinator to be signed off by the workshop manager/fleet co-ordinator and head of the end user department.

(iv) If a particular make and model of vehicle has been identified, all suppliers/dealers of such vehicles in the MLM, and if possible and practical also within the district, must be invited to submit a bid.

12.10 CONTRACT MANAGEMENT AND PERFORMANCE MANAGEMENT SYSTEMS

The Accounting Officer hereby delegates all signing of contracts to the Executive Director: Corporate Services and should the ED: Corporate Services not be available to sign the contracts, the Accounting Officer will sign. Contract and project management, acceptance/notification letters and PMS must be implemented by the relevant end user department to conform to procurement process in collaboration with the PM Unit and to comply with Section 116 of the MFMA Act, Act 56 of 2003.

All PMS documents need to be completed and signed in full upon appointment. The PMS must be monitored on the monthly/quarterly basis as set out in the PMS document. Any deviations or non-compliance issues needs to be addressed as set out in the general conditions of contract, special conditions of contract and Section 53 of this policy.

Any deviating suppliers must promptly be reported to the SCM Unit to investigate probable cause to restrict the defaulting bidder to National Treasury.

12.11 EPWP requirements for labour intensive projects

Midvaal LM supports labour intensive construction and other services relating to where physical labour is required. All service providers will be required to maximize the use of local unemployed labour on projects or when supplying or delivering services to MLM. All relevant questionnaires and reports are to be completed in full and submitted as part of the bid documents.
12.11 **PURCHASES AND PAYABLES RECORDING FUNCTION**

On receipt of a supplier invoice, it is checked with the appropriate goods received note or delivery note for quantity. The clerical accuracy of the invoice must also be checked to prove the accuracy of its total rand amount. The invoice, stamped and initialled as correct, is then filed with the relevant delivery note and order form attached thereto.

No invoices will be entered in the purchases record unless passed as correct as evidenced by the signature of the HOD/SCMU.

The following is a diagrammatic depiction of the requisitioning, ordering, receipt of and payments for goods and services *(Diagramme 1)*:
Diagramme 1  Stores and sundry purchases and payments to suppliers and sundry creditor’s flowchart

ISSUING OF AN ORDER BY THE SCM UNIT AND GOODS RECEIVED NOTE BY THE END USER

1. The SCM Unit department issues an official Venus order on receipt of an approved & signed order request which has the supporting documents and quotes attached to it.

The goods are received & distributed by the relevant end user.

FINALIZATION OF ORDER ON RECEIPT OF INVOICE AND DRAWING OF CHEQUE

2. On receiving the supplier’s invoice and delivery note the order is then finalized.

The order, goods received note and invoice is forwarded to the creditor’s clerk for drawing of a cheque or electronic transfer payment.

Cheques and electronic funds are drawn and made on an as and when required basis.
13. **General preconditions for consideration of written quotations or bids**

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

(a) has furnished that provider’s –

   (i) full name;

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

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

(b) has authorised the Midvaal Local Municipality to confirm with the South African Revenue Services that the provider’s tax matters are in order; and

(c) has indicated –

   (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;

   (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months;

   (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months; and

   (iv) that the bidders' rates and taxes are not outstanding longer than 90 days.

14. **Lists of accredited prospective providers**

14.1 The accounting officer must –

(a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and

(b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;

(c) specify the listing criteria for accredited prospective providers;

(d) 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;
The Municipal Supply Chain Management Regulation 38(1)(c) requires a supply chain management policy to provide measures for combating abuse of the supply chain management system, and must enable the accounting officer to check the National Treasury’s database prior to awarding any contract.

This is to ensure that no contract is entered into with a bidder, or any of its directors, listed as a company or person prohibited from doing business with the public sector. This list is also known as the Database of Restricted Suppliers.

To this end, a central Database of Restricted Suppliers has been established containing details of companies or persons that have been restricted from doing business with the public sector if the company or person obtained preferences fraudulently or failed to perform on a contract.

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

14.3 The vendor list must be compiled per commodity and per type of service.

14.4 Any vendor who has been awarded a contract must submit tax clearance certificates, 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.

14.5 **Checking the Database of Restricted Suppliers**

The Accounting Officer is required to verify the status of the recommended bidders [including their director(s)/owner(s)/trustee(s)] by checking the Database of Restricted Suppliers in order to ensure that no recommended bidders or any of their directors/owners/trustees are listed as companies or persons prohibited from doing business with the public sector, prior to awarding a contract - accessible on www.treasury.gov.za (home page/"database of Restricted Suppliers").

This includes contracts emanating from written price quotations in excess of R10 000, competitive bids and limited bids).

In addition, the Accounting Officer is empowered to restrict companies or persons from doing business with the public sector for a period not exceeding 10 years if such companies or persons have obtained preferences fraudulently or failed to perform on a contract based on the specified goals. The procedures to be followed when contemplating and imposing such restrictions are contained in MFMA Circulars 43, 46, 52 and 56 - available on the National Treasury website. Any restriction imposed by an Accounting Officer must be forwarded to the National Treasury for loading onto the central Database of Restricted Suppliers.
15. **Petty cash purchases (R0-01 to R500-00)**

The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1) (a) of this Policy, are as follows –

(a) The Accounting Officer hereby delegates the responsibility to the Executive Director: Financial Services to issue petty cash to the various departments.

(b) Petty cash requests not exceeding R500-00 vat included, per transaction may be issued by the approved officials.

The following departments are approved to be issued petty cash floats are restricted as follows:

- **Mayor’s Office:** R1 000-00 per month – approval by the ED: Corporate Services or delegated official.
- **Social Services:** R3 000-00 per month – approval by the ED: Social Services or delegated official.
- **Financial Services:** R10 000-00 per month (this includes, average of 5 COF’s a month, Engineering Services, Corporate Services, Human Resources, protection Services and Development and Planning) – Approval by the ED: Financial Services or delegated official.

(c) Petty cash purchases are restricted to emergency cases where the necessity is required within 1 day to a maximum of R500-00 vat inclusive that could not have been foreseen.

(d) A monthly reconciliation report from each manager must be provided to the Executive Director: Financial Services/delegated official, including –

- (i) the total amount of petty cash purchases for that month; and
- (ii) receipts and appropriate documents for each purchase.

16. **Written or verbal quotations (R500-01 to R2 000-00)**

The conditions for the procurement of goods or services through written or verbal quotations are as follows *(read with section 12.3 of this policy)*:

(a) Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the Midvaal Local Municipality provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(c) and (d) of this Policy;

(b) to the extent feasible, providers must be requested to submit such quotations in writing;
(c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;

(d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and

(e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

17. **Formal written price quotations (R2 000-01 to R30 000-00)**

17.1 The conditions for the procurement of goods or services through formal written price quotations, are as follows *(read with section 12.3 of this policy)*:

(a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the Midvaal Local Municipality;

(b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;

(c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and

(d) the accounting officer must record the names of the potential providers and their written quotations.

17.2 A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

18. **Procedures for procuring goods or services through written or verbal quotations and formal written price quotations (R30 000-01 to R200 000-00)**

18.1 The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations is as follows *(read with section 12.3 of this policy)*:

(a) When using the list of accredited prospective providers the accounting officer must promote on-going competition amongst providers by inviting providers to submit quotations on a rotation basis;
(b) all requirements in excess of R30 000-01 (VAT included) that are to be procured by means of competitive 7-day bidding process must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and an official notice board of the Midvaal Local Municipality;

(c) Offers received must be evaluated on a comparative basis taking into account unconditional discounts;

(d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation;

(e) Offers below R30 000-00 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;

(f) Acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;

(g) Record of approved specifications, minutes of the evaluation committees and approval memos must be kept on file for audit purposes.

18.2 Internal procedures for the procurement of goods or services through written or verbal quotations or formal written price quotations within MLM is as follows:

(c) Bid specification meetings for a 7-day process are informal between the end-user and SCM unit and signed off by the end-user department, the departmental MMC and the Municipal Manager.

(d) The advertisement is for the approved specifications are advertised for 7-days on the website and notice boards.

(e) On closing day of the tender, bids are opened in public, read and recorded in a bid opening register.

(f) Bids are commercially captured by the SCM unit.

(g) The end-user department and SCM unit hold an informal evaluation meeting and the minutes are kept on file.

(h) A formal recommendation under the signature of the Director: Expenditure/Deputy Director: SCM is made in memo format with supporting documents, to the CFO in terms of the delegated powers in the form of approval memo who approves/declines whereafter an appointment letter (signed by the relevant HOD and or CFO) or official order (signed by the end-user department and COF) is issued to the end-user department for implementation.
19. **Competitive bids (Above R200 000-01)**

*Read with section 12.3 of this policy*

19.1 Goods or services above a transaction value of R200 000-01 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.

19.2 No requirement for goods or services above an estimated transaction value of R200 000-01 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

20. **Process for competitive bidding**

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

(a) Compilation of bidding documentation as detailed in Section 21;

(b) Public invitation of bids as detailed in Section 22.1 – 22.6;

(c) Site meetings or briefing sessions as detailed in Section 22 (iii);

(d) Handling of bids submitted in response to public invitation as detailed in Section 23;

(e) Evaluation of bids as detailed in Section 25 & 28;

(f) Award of contracts as detailed in Section 29;

(g) Administration of contracts

(i) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.

(h) Proper record keeping

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

21. **Bid documentation for competitive bids**

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

(a) take into account –

   (i) the general conditions of contract and any special conditions of contract, if specified;
(ii) any Treasury guidelines on bid documentation; and

(iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;

(b) include the BEE levels as contemplated in the Preferential Procurement Policy Framework Act, Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;

(c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;

(d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–

(i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –

(aa) for the past three years; or

(bb) since their establishment if established during the past three years;

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

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

(iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and

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

22. Public invitation for competitive bids

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

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

(b) the information contained in a public advertisement, must include –
(i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over 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 (2) of this policy;

(ii) a statement that bids may only be submitted on the bid documentation provided by the Midvaal Local Municipality and be completed in hand writing. Bid 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; and

(iii) date, time and venue of any proposed site meetings or briefing sessions are applicable. All briefing/site meetings are compulsory in MLM to ensure clarity and that all bidders are treated fair and equal. As these are compulsory site inspections, no bids will be accepted if the contractor (who is considered to be a technical representative) has not attended this session and documents will only be accepted from contractors whose names appear on the attendance register.

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

22.3 Bids submitted must be sealed and marked clearly with the bid number and description.

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

22.5 **Procedure for competitive bids**

Efficient planning will facilitate the development of appropriate documentation. Bid requests (specifications) should be as clear and concise as possible and avoid imposing unnecessary cost and effort on respondents. Persons with specialised insight to the proposed service of items may assist with the drafting of the specifications to ensure effective purchasing. These persons may not submit a bid for these works.

Well-prepared bidding documentation gives suppliers the opportunity to prepare appropriately responsive proposals or bids, thereby ensuring that the needs of the Midvaal Local Municipality are adequately catered for. The Supply Chain Management Unit in collaboration with the relevant HOD has the responsibility of ensuring that the bidding documentation is of superior quality.

Advertisement and bid documents are drawn up according to the set criteria and specifications in accordance with the General Conditions of Contract and guidelines issued by National Treasury by the Bidding Unit. The specifications are presented to the Bid Specifications Committee for approval prior to placement of ad.
Approved contracts of approved bids are managed by the end user and Head of that department in collaboration with the Performance, Systems Management Co-ordinator.

For the construction industry, documents are set up in accordance with prescripts issued by the Construction Industry Development Board Act 38 of 2000.

All bidders **must** declare any conflict of interest.

22.6 **The following procedure will apply:**

- An invitation to bid is placed on the website and in the relevant media to be indicated by the Head of Departments submitted to the SMU unit on the designated form *(Annexure “C”)*. The SCM unit will submit the quotations to the relevant HOD to sign off the quotations and proof documents. The original signed documents must reach the SCM unit timeously to ensure that the ad is placed in time.

- The ad should reach the SCM unit by close of office on Monday afternoons as the ads are forwarded to the media companies on Tuesdays for the quotes and approvals.

- The ads will run for one day of the week in the selected media. Depending on the nature of the bid, a min period of two weeks (14 consecutive days) will be given for issuing and completion of bid documents by interested bidders.

- A bid document fee of R250-00 is payable at the rates and taxes hall - finance during office hours Mon to Friday – 07:30 to 15:00. No fees are payable if the documents are downloaded from the website or e-mail. All receipts are kept on file at the SCM Unit until each bid process is complete and filed on the tender files.

- On closing date of bids a minimum of two representative needs to be present at the opening of bids whereof one must be a SCM official.

- The closing date and time is final and no late bids will be accepted. Due to the size of bid documents and original documents needed, no faxed or e-mailed bids will be accepted. All bids must be placed in a sealed envelope clearly marked with MN (municipal notice number), bid number and bid description as indicated on the documents, in the tender box situated on the ground floor of Block “A” and is generally open from Mondays to Friday 07:00 to 16:00.

- Each bid is opened in public and recorded in a register. The bid price and details are read out on request. An attendance register is signed by all present. Each bid is date stamped and signed by the Midvaal officials.

- All documents and registers are taken by the SCM unit to do a commercial evaluation (tax clearance certificates, vat registration, PPPFA regulations, MFMA SCM regulations, etc).
The commercial capturing must take the following into account:

a) who is not registered and verified on the Midvaal Local Municipality’s supplier database within seven days of the closing time for bids. In this regard bid documentation shall state that the responsibility for registration and verification rests solely with the bidder;

b) who, in the case of construction works acquisitions, does not comply with the requirements of the Construction Industry Development Board Act regarding registration of contractors.

c) Verification of compliance with this requirement shall be by means of Council’s Supplier Database and other databases legislatively provided for;

d) who has failed to submit a valid tax clearance certificate form from the South African Revenue Services (SARS) certifying that the taxes of the bidder are in order or that suitable arrangements have been made with SARS, and

e) who fails to comply with any applicable Bargaining Council agreements.

All documents with the commercial report is forwarded to the Bid Evaluation Committee for the evaluation. The Bid Evaluation Committee evaluates all documents not disqualified during the commercial process at this meeting as set out in Section 28 of this policy. A recommendation is formalised for the Bid Adjudication Agenda for final approval by the BAC.

The Bid Adjudication Committee peruses the documentation and recommendation from the BEC, approves the successful bidder and the Executive Director: Corporate Services signs the contract. A PMS is finalised for the duration of the contract by the end user and Head of that department in collaboration with the Performance, Systems Management Co-ordinator and signed with the bid documents/contract.

The SCM unit advises the successful bidder whereafter an official order (signed by the end user, HOD and CFO/delegate) OR an appointment letter (signed by the HOD and CFO is issued. Should a bidder who has submitted a tender not receive any feedback from the council within three months, it can be accepted that their bid was unsuccessful. The unsuccessful bidder may on written request (in terms of the Access to Information Act) be given reason why their bid was unsuccessful.

Where retention is applicable, the bidder issues an invoice for the total amount minus the % of retention fees as indicated in the contract. Payment methods must be clearly stipulated in all bid documents especially where construction is involved and must comply with the CIDB Act and its regulations.

The balance is paid out to the bidder within 30 days of invoice date. On the lapse of the retention period indicated in the contract, the bidder invoices the Council for the % retention amount within five (5) working days prior to Cheque run. The cheque will only on written consent from the HOD who concluded the final inspection be
released/paid. Expenditure section to keep a register for tracking purposes of such retentions for provision in the budgets and money be ring fenced where applicable.

- If and where necessary, any defects occur within the said retention period, the contractor is liable for all costs for repairs or replacements as and where required prior to issue of the Cheque. Any negligent actions detected on the contractor’s side, will be deducted from the retention amount and/or construction guarantee, where repairs or replacements were made by Council.

- This includes the request for cancellation letters and or any other correspondence with regards to the contractor relevant to a legal and binding contract, to be forwarded to the SCM unit to draft the relevant letters/correspondence.

- Where the bidder is required to submit a construction guarantee, the bidder must submit the original construction guarantee (from a FICA approved institution) valid for a minimum of 1 year to the Supply Chain Management unit within the stipulated time frame (usually 7 days from receipt of official order or approval letter). The guarantee is filed in a safe for safekeeping and released upon written request from the council appointed Project manager signed off by the Head of the department or the delegated employee. The guarantee will be released on the lapsing of the guarantee.

- Latent defects will be dealt with in terms of the relevant industry regulations or prescripts (e.g. JBCC, Colto, GCC, etc) or in the absence of such regulations or prescripts, then in terms of the applicable law (i.e. whether common or otherwise).

22.7 Re-tender process

This process may be followed where the scope has been reduced to accommodate the budget or where tender specifications have major changes based on amendments following the Bid specification committee approval and must be re-tendered in public.

22.8 Assets

Copies of IT purchase orders are forwarded to the Assets section and insurance departments for bar coding and placement under insurance.

All capital/asset purchases paperwork must be forwarded to the Assets section by the finance section upon delivery for bar coding and asset register capturing.

The Asset section to forward the barcoded paperwork to the Insurance section for placement on insurance.

The Asset section and Insurance sections needs be informed of any council buildings or structures to be included on the asset register and insurance.

22.9 SUB-CONTRACTING
Bidders may sub-contract work to any subcontractor up to a maximum of 25% of the total contract value. Bidders may only sub-contract works over and above 25% of the total contract value to BBBEE graded companies as stipulated in the PPPFA Act Regulations of 2011.

23. Procedure for handling, opening and recording of bids

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

(a) Bids—

(i) must be opened in public by a two representative in the presence of the bidders and whereof one must be a SCM official;

(ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and

(iii) received after the closing time should not be considered and returned unopened immediately.

(iv) Should the bidder who submitted a late bid not be at the opening or the envelope not have a return address, such bid will be filed un-opened for the duration of the bid process and thereafter be opened to obtain the postal address and the re-sealed envelope returned to the bidder.

(b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder’s total bidding price;

(c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and

(d) The accounting officer must—

(i) record in a register all bids received in time;

(ii) make the register available for public inspection; and

(iii) publish the entries in the register and the bid results on the website.

24. Negotiations with preferred bidders

(1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation—
(a) does not allow any preferred bidder a second or unfair opportunity;
(b) is not to the detriment of any other bidder; and
(c) does not lead to a higher price than the bid as submitted.

(2) Minutes of such negotiations must be kept for record purposes and are minuted by the relevant HOD and forwarded to the SCM unit for filing.

(3) Such negotiation meetings are attended by the relevant HOD, a SCM representative and the bidder.

25. **Various bidding process**

25.1 **Two Stage bidding process:**

A two-stage bidding process is allowed for –

(a) large or complex projects;

(b) projects where it may be undesirable/impractical to prepare complete detailed technical specifications; or

(c) long term projects with a duration period exceeding three years (e.g. valuators, bank services

(d) this stage must not include prices.

**Process of two stages:**

a) In the first stage technical proposals on conceptual design or performance specifications are invited, subject to technical as well as commercial clarifications and adjustments.

b) On receipt of such proposals, a suitable design is accepted and formal specifications are drafted and approved at the formal bid specifications committee.

c) In the second stage final technical proposals and priced bids are invited from the bidders who submitted proposals only following a closed bid process.

25.2 **Functionality qualifying bidding process**

25.2.1 This phase is a two-envelope bidding system that is allowed for:

(a) Procuring specialised 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;
25.2.2 Process for the functionality two-envelope bidding system:

Bidders are requested to submit two envelopes –

a) 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/service.

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

c) Functionality Process

Upon closing of the tender, the technical envelopes are opened first and a formal bid evaluation committee (as appointed by the Accounting Officer and must where possible be the same persons who approved the specifications) in the presence of SCM officials will score the tenders in accordance with the technical methodology and points as set out in the bidding documents. Bidders need to achieve a minimum score of the stipulated points out of 100 before their financial proposals and BEE levels are evaluated.

Qualifying bidder’s envelopes containing the priced bid documents are then opened and the price and BEE evaluation completed by the evaluation committee members present. The proceedings are minuted and a recommendation of the highest scoring bidder is formulated to the Bid Adjudication Committee for approval.

26. Committee system for competitive bids

(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 will determine:

(a) a bid specification committee;

(b) a bid evaluation committee; and

(c) a bid adjudication committee;

(2) The Accounting Officer hereby has delegated the authority to appoint different members for each bid spec and bid evaluation committee relevant to the expertise/knowledge required, to the Bid Adjudication Committee, taking into account section 117 of the Act which excludes Councillors from serving on any SCM committee; and
(3) A neutral or independent observer (Legal/auditor), appointed by the accounting officer, may attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.

(4) The committee system must be consistent with –

(a) Paragraph 27, 28 and 29 of this Policy; and

(b) Any other applicable legislation.

(5) The accounting officer may apply the committee system to formal written price quotations.

27. **Bid specification committees**

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

(2) Specifications –

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

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

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

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

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

(f) must indicate the BEE level points that may be awarded in terms of the grading system as set out in the Preferential Procurement Regulations 2011;

(g) must include the PMS document drafted by the end user in collaboration with the Performance & Systems Management co-ordinator; and

(h) must be approved by the Accounting Officer prior to publication of the invitation for bids in terms of Section 22.1 of this Policy.
A bid specification committee must be composed of a minimum three officials of the Midvaal Local Municipality including the manager/delegate responsible for the function involved, a SCM representative, officials from other departments within MLM who may have 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 as set out in Section 26.2. Officials from the engineering services, Project management unit and development and planning departments must form part of the specifications committee where construction works are involved.

The signed off checklist (Annexure “D”) must accompany the request for supply chain process and specifications.

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

**28. Bid evaluation committees**

1. A bid evaluation committee must –
   
   (a) evaluate bids in accordance with –
       
       (i) Commercial evaluation for compliance in terms of valid original tax clearance certificates, check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, documents completed and signed in full, etc

       (ii) Technical compliancy as described in the Oxford dictionary: “Relating to a particular subject, art, craft or its technics relating to special knowledge to be understood” of the specifications for a specific services or items evaluate including each bidder’s ability to execute the contract and confirming references relating to such and may include a panel scoring session as set out in Section 25.2.2 (a), (b) and (c).


   (b) submit to the bid adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

2. A bid evaluation committee must as far as possible be composed of-
   
   (a) the officials who compiled and approved the specifications of the bid under consideration as well as the end user requiring the goods or services; and

   (b) at least one supply chain management practitioner of the Midvaal Local Municipality.
(3) The Relevant user department’s senior official shall carry out a technical evaluation of all bids received and shall submit a technical report to the Bid Evaluation Committee for consideration in the format attached hereto as Annexure “E”. The criteria must be relevant to the bid specifications and the columns must be amended to include such.

(4) Technical evaluation of bids received, must include and take into account the bidder:–

a) whose bid does not comply with the provisions of Section 38 of this Policy;

b) whose bid does not comply with the provisions of Section 13 of this Policy;

c) whose bid is not in compliance with the specifications;

d) whose bid is not in compliance with the terms and conditions of the bid documentation relevant to the technical aspects of the bid;

29. **Bid adjudication committees**

(1) A bid adjudication committee must –

(a) Study and consider the report and recommendations of the bid evaluation committee; and

(b) either –

   (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or

   (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.

(2) A bid adjudication committee must consist of at least four senior managers of the Midvaal Local Municipality which must include –

(a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and

(b) at least one senior supply chain management practitioner who is an official of the Midvaal Local Municipality and

(c) a technical expert in the relevant field who is an official or an external service provider/expert for clarity reasons may be invited to clarify any queries raised by the Bid Adjudication Committee members, if such an expert exists and have been involved in the specifications and or evaluation process.
Any issues of clarity should be referred to the relevant user department in writing at least 48 hours before the sitting of the BAC Meeting and that the written responses be forwarded to the SCM unit for consideration by the BAC.

Should the bid committee member have been involved in the item under consideration, they must recuse themselves from the decision making process and be recorded(minute as such.

The Accounting Officer hereby appoints the following Bid Adjudication Committee Members:

<table>
<thead>
<tr>
<th>MEMBERS</th>
<th>NOMINEES</th>
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<tbody>
<tr>
<td>EXECUTIVE DIRECTOR: FINANCIAL SERVICES -</td>
<td>DIRECTOR – EXPENDITURE</td>
</tr>
<tr>
<td>CHAIRPERSON</td>
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<tr>
<td>EXECUTIVE DIRECTOR: FINANCIAL SERVICES –</td>
<td>DIRECTOR: EXPENDITURE OR DIRECTOR: INCOME OR</td>
</tr>
<tr>
<td>CHAIRPERSON</td>
<td>DIRECTOR: EXPENDITURE</td>
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<tr>
<td>EXECUTIVE DIRECTOR: ENGINEERING SERVICES</td>
<td>DIRECTOR: ENGINEERING SERVICES</td>
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<tr>
<td>EXECUTIVE DIRECTOR: COMMUNITY SERVICES</td>
<td>DIRECTOR: MS &amp; PARKS OR ASSISTANT DIRECTOR</td>
</tr>
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<td>EXECUTIVE DIRECTOR: MANAGEMENT SERVICES</td>
<td>ASSISTANCE DIRECTOR: EAP HIV &amp; AIDS &amp; BENEFITS</td>
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<tr>
<td>EXECUTIVE DIRECTOR: PROTECTION SERVICES</td>
<td>CHIEF FIRE OFFICER</td>
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<tr>
<td>EXECUTIVE DIRECTOR: CORPORATE SERVICES</td>
<td>DIRECTOR: LEGAL AND PERFORMANCE MANAGEMENT OR</td>
</tr>
<tr>
<td>EXECUTIVE DIRECTOR: DEVELOPMENT &amp; PLANNING</td>
<td>DIRECTOR: AUXILIARY SERVICES</td>
</tr>
<tr>
<td>DIRECTOR – EXPENDITURE (support only)</td>
<td>DIRECTOR: DEVELOPMENT AND PLANNING</td>
</tr>
<tr>
<td>ACQUISITIONS OFFICER – SCM UNIT (admin and support only)</td>
<td>CHIEF ACCOUNTANT – EXPENDITURE</td>
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<td>SUB-ACCOUNTANT – SCM</td>
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(3) The accounting officer must appoint the chairperson of the committee if not represented by him/herself. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

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

Should an HOD be involved in a bid evaluation committee and the item serves at the BAC for approval, the relevant HOD is required to declare such and the committee minute his recusal from the decision making under the item as he was involved in the drawing up of the evaluation process.

(5) (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –
(i) check in respect of the preferred bidder whether that bidder’s municipal rates and taxes and municipal service charges are not in arrears, and;
(ii) notify the accounting officer.

(b) The accounting officer may –

(i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
(ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

(6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.

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

30. **Procurement of banking services**

(1) A contract for banking services –

(a) must be procured through competitive bids;

(b) must be consistent with section 7 or 85 of the Act; and

(c) may not be for a period of more than five years at a time.

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

(3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

31. **Procurement of IT related goods or services**

(1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.

(2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.

(3) The accounting officer must notify SITA together with a motivation of the IT needs if –
(a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or

(b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).

(4) Should SITA comment on the submission and the Midvaal Local Municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

**Internal IT request procedures:**

- All IT related purchases (as budgeted for) need to be tabled and approved at the formal IT steering committee prior to following the procurement process.

- The IT department in collaboration with the SCM unit will source the quotations, check the prices and send it to the IT department for verification that the items offered comply with the IT standard specifications. The general requisition is signed by the end-user and approved by the HOD and CFO/delegate.

- The printed order is taken by the IT department and order placed with the successful bidder.

- Ordered IT items to be delivered to the IT department who will check the delivery note and items for compliance in terms of the specifications and install the relevant IT software, get the asset department to bar code and install the items at the end-user's premises/offices.

- The relevant department remains responsible for the payment of the invoices that will be submitted by the IT department.

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

(1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –

(a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;

(b) there is no reason to believe that such contract was not validly procured;

(c) there are demonstrable discounts or benefits to do so; and

(d) that other organ of state and the provider have consented to such procurement in writing.

(2) Subparagraphs (1)(c) and (d) do not apply if –
(a) a municipal entity procures goods or services through a contract secured by its
parent municipality; or

(b) a municipality procures goods or services through a contract secured by a
municipal entity of which it is the parent municipality.

33. **Procurement of goods necessitating special safety arrangements**

(1) The acquisition and storage of goods in bulk (other than water), which necessitate
special safety arrangements, including gasses and fuel, should be avoided where ever
possible.

(2) Where the storage of goods in bulk is justified, such justification must be based on sound
reasons, including the total cost of ownership, cost advantages and environmental
impact and must be approved by the accounting officer.

34. **Proudly SA Campaign**

The Midvaal Local Municipality supports the Proudly SA Campaign to the extent that, all things
being equal, preference is given to procuring local goods and services from:

- Firstly – suppliers and businesses within the Midvaal Local Municipality or district;
- Secondly – suppliers and businesses within the relevant province;
- Thirdly – suppliers and businesses within the Republic.

35. **Appointment of consultants**

(1) The accounting officer may procure consulting services provided that any Treasury
guidelines in respect of consulting services are taken into account when such
procurements are made.

(2) Consultancy services must be procured through competitive bids if:

   (a) the value of the contract exceeds R200 000 (VAT included); or

   (b) the duration period of the contract exceeds one year.

(3) In addition to any requirements prescribed by this policy for competitive bids, bidders
must furnish particulars of –

   (a) all consultancy services provided to an organ of state in the last five years; and

   (b) any similar consultancy services provided to an organ of state in the last five
years.

(4) The accounting officer must ensure that copyright in any document produced, and the
patent rights or ownership in any plant, machinery, thing, system or process designed or
Additional service providers to be utilised by the appointed professional consultants

Appointed consultants services requires to make use of other professional service providers from time to time that form part of their scope of works within an identified project. The costs are paid by these consultants and Midvaal has no direct link to them. These fees does not form part of the consultant’s fee structure.

These services include land surveyors, environmental impact consultants, valuators, attorneys and conveyances, etc.

The following procedures will apply:

1. That where consultants, appointed on a fixed contact by the Bid Adjudication Committee, needs to procure other services necessary for the execution of a project, e.g. land surveyors, environmental impact consultants, valuators, etc. at least three written quotations be sourced from vendors registered on Midvaal Local Municipality’s database (accessible from the supply chain unit) if available and in the case of attorneys, that the Council’s panel of attorneys as categorised providers for the relevant expertise as required, failing which the appointment can be finalised substantially in accordance with the ED: Corporate Services delegated powers.

Consultants may approach other service providers should the required services not be listed as a vendor on MLM database.

2. That the quotes be approved prior to appointment, by the relevant Head of Department and the Executive Director: Financial Services where applicable in terms of their delegated authority to ensure sufficient funds are available and value for money.

3. That these services will be paid by the consultant and proof of such must accompany the consultants' invoice request for payment by Midvaal Local Municipality.

4. That all consultants utilise council appointed service providers based on the approved rates procured through a formal tender process that may include Council attorneys (dependant on allocated service category and Council valuator

5. The appointed consultants will be required to work in close collaboration with the other appointed consultants when and where required and your full cooperation is appreciated.
36. **Deviation from, and ratification of minor breaches of, procurement processes**

(1) The accounting officer may –

(a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –

i. in an emergency (breakages after hours, situations that may lead to health, safety hazards or death, serious hampering of official service delivery to the community);

ii. if such goods or services are produced or available from a single source or sole provider only (e.g. agents/manufacturers/patent holder or items under guarantee);

iii. for the acquisition of special works of art or historical objects where specifications are difficult to compile;

iv. acquisition of animals for zoos and/or nature and game reserves; or

v. in any other exceptional case or case or urgency where it is impractical or impossible to follow the official procurement processes (such as strip and quote on rotation basis, appointment of specialised service providers);

vi. any contract relating to the publication of notices and advertisements by or on behalf of the Midvaal Local Municipality as set out in the communications and corporate ID policies as amended from time to time.

vii. any purchase on behalf of the Midvaal Local Municipality at a public auction sale;

viii. any contract with an organ of state, a local authority or a public utility corporation or company;

ix. any contract in respect of which compliance therewith would not be in the public interest or interest of Council;

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

xi. workshop strip and quote *(as per definition on page 6)*

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

(2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.
37. **Unsolicited bids**

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

(2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –

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

(b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;

(c) the person who made the bid is the sole provider of the product or service; and

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

(3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –

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

(b) an explanation of the potential benefits if the unsolicited bid were accepted; and

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

(4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.

(5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.

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

(7) When considering the matter, the adjudication committee must take into account –

(a) any comments submitted by the public; and

(b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
(8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.

(9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the Midvaal Local Municipality to the bid may be entered into or signed within 30 days of the submission.

38. Combating of abuse of supply chain management system

(1) The accounting officer must–

(a) take all reasonable steps to prevent abuse of the supply chain management system;

(b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –

(i) take appropriate steps against such official or other role player; or

(ii) report any alleged criminal conduct to the South African Police Service;

(c) check the National Treasury’s database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited or restricted from doing business with the public sector;

(d) reject any bid from a bidder–

(i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the Midvaal Local Municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or

(ii) who during the last five years has failed to perform satisfactorily on a previous contract with the Midvaal Local Municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory (see circular 46 of the NT MFMA circular dated 17 March 2008);

(e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;

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

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

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

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

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

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

(iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004) or Database of restricted suppliers.

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

**PART 3: LOGISTICS, DISPOSAL, RISK AND PERFORMANCE MANAGEMENT**

39. **Logistics management**

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

(a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;

(b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;

(c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;

(d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;

(e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
(f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and

(g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

The logistics management procedures must be adhered to at all times attached hereto as Annexure “F”.

40. **Disposal management**

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

(2) Assets may be disposed of by –

(i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;

(ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;

(iii) selling the asset; or

(iv) destroying the asset.

(3) The accounting officer must ensure that –

(a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise and in collaboration with the Local Government MFMA – Municipal Asset Transfer Regulations (Gazette No 3146 dated 22/08/2008;

_Sale of land on formal tender processes_. All applicable fees (estimated) /processes (e.g. rezoning, consolidation, bulk contributions, valuation fees, registration and all other related fees) must be mentioned in the specs of the bid documents. All affected departments to give comments on the proposed sale of land in writing and must so be noted on the item to Council for approval.

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

The bid is awarded to the bidder who submitted the highest offer and who accepted all the conditions of the bid.
(b) movable assets are sold once council has declared the items redundant, either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous and sold to the bidder who submitted the highest price.

(c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;

(d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;

(e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;

(f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and

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

(4) All matters relating to the alienation of movable and immovable assets, shall be dealt with in terms of the policy for the management and administration of immovable property, annexed hereto as stated within the Management and Disposal of Assets policy and Asset Management policy

(5) Notwithstanding the provisions of sub-section 2 hereof, the following statutory powers of MLM Council in respect of the alienation of immovable property, are reserved to be exercised by Council:

(a) to decide on reasonable grounds that an asset is not needed to provide the minimum level of basic municipal services; and

(b) to considered the fair market value of the asset and the economic and community value to be received in exchange for the asset, and

(6) Notwithstanding sub-section (5) (a) & (b) above, the accounting officer must determine the most advantageous way for the disposal or letting of movable capital assets, i.e. written price quotations, competitive bidding, or auction, except when public interest or the plight of the poor demands otherwise.

(7) The accounting officer is hereby authorized to dispose of movable capital assets below a value of R500, 000 (excluding the approval for selling of assets via public auction process) and to make the determinations in terms of Section 14(2)(a) and (b) of the MFMA, provided that, in respect of capital assets above a value of R200 000 not being auctioned, the Accounting Officer shall first consider a recommendation from the Supply Chain Management Bid Adjudication Committee.
41. **Risk management**

   (1) The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, will be determined for each situation.

   (2) Risk management must include –

   (a) the identification of risks on a case-by-case basis;

   (b) the allocation of risks to the party best suited to manage such risks;

   (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;

   (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and

   (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

42. **Performance management**

   The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.
PART 4: OTHER MATTERS

43. Prohibition on awards to persons whose tax matters are not in order

(1) No award above R30 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.

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

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

(4) Midvaal Local Municipality will process transactions per supplier on the proviso that the accumulative amounts per supplier does not exceed R30-000.00 without the required tax clearance certificate as per regulation 43 (1) above.

44. 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 –

(a) who is in the service of the state;

(b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or

(c) a person who is an advisor or consultant contracted with the Midvaal Local Municipality.

44.1 VERIFICATION PROCESS TO VERIFY STATE EMPLOYEES IN THE AWARD OF CONTRACTS

a) MLM must complete the Requested for Verification Form attached to Gauteng Provincial Treasury (GPT) - Circular 2 of 2014, with the details of the shortlisted or recommended vendor’s / shareholders / directors / members BEFORE adjudication.

b) The completed request for verification form signed by the Head of Supply Chain Management Unit / delegate must be sent to the call centre of Gauteng Treasury – SCM.Verifications@gauteng.gov.za or faxed to: 086 658 2613.

c) A reference number is automated on this system for control and monitoring of the requests.

d) The GPT will conduct the verification on the PERSAL system that is linked to all National and Provincial spheres of government, and respond to the MLM within 24 hours upon
receipt of the request indicating whether the directors of the vendors are employees of the state or not.

45. **Awards to close family members of persons in the service of the state**

The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2 000-00 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

(a) the name of that person;
(b) the capacity in which that person is in the service of the state; and
(c) the amount of the award.

46. **Ethical standards**

(1) A code of ethical standards as set out in subparagraph (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 Midvaal Local Municipality in order to promote –

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

(2) A breach of the code of ethics must be dealt with as follows –

(a) in the case of an employee, in terms of the disciplinary procedures of the Midvaal Local Municipality envisaged in section 67(1)(h) of the Municipal Systems Act;
(b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
(c) in all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.
(d) A municipal official or other role player involved in the implementation of this Policy –

(i) must treat all providers and potential providers equitably;
(ii) may not use his or her position for private gain or to improperly benefit another person;
(e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the Midvaal Local Municipality.

(f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;

(g) must be scrupulous in his or her use of property belonging to **Midvaal Local Municipality**, 

(h) must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and

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

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

   (ii) any alleged contravention of paragraph 47(1) of this Policy; or

   (iii) any alleged breach of this code of ethical standards.

(3) Midvaal Local Municipality adopts National Treasury’s code of conduct for supply chain management practitioners and other role players involved in supply chain management”.

(4) A breach of the code of ethics must be dealt with as follows –

   (a) in the case of an employee, in terms of the disciplinary procedures of the **Midvaal Local Municipality** envisaged in section 67(1)(h) of the Municipal Systems Act;

   (b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.

   (c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

   (d) All cases of non-compliance to this Policy should be reported to the Accounting Officer.

**NOTE:** The “**POLICY OF THE ACCEPTANCE OF GRANTS, GIFTS, DONATIONS AND SPONSORSHIPS (29 AUGUST 2013)**” is applicable to sections 46, 47 and 48 of this policy and must be adhered to at all times.
47. **Inducements, rewards, gifts and favours to municipalities, officials and other role players**

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

(a) any inducement or reward to the or in connection with the award of a contract; or

(b) any reward, gift, favour or hospitality to –

(i) any official; or

(ii) any other role player involved in the implementation of this Policy.

(2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury’s database of persons prohibited from doing business with the public sector.

(3) Section 47(1) does not apply to gifts less than R350 in value.

48. **Sponsorships**

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

(a) a provider or prospective provider of goods or services; or

(b) a recipient or prospective recipient of goods disposed or to be disposed.

49. **Objections and complaints**

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

50. **Resolution of disputes, objections, complaints and queries**

(1) The accounting officer must appoint an independent and impartial person, *not directly involved in the* supply chain management processes –
(a) to assist in the resolution of disputes between the Midvaal Local Municipality and other persons regarding –

(i) any decisions or actions taken in the implementation of the supply chain management system; or

(ii) any matter arising from a contract awarded in the course of the supply chain management system; or

(b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

(2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.

(3) The person appointed must –

(a) strive to resolve promptly all disputes, objections, complaints or queries received; and

(b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.

(4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if –

(a) the dispute, objection, complaint or query is not resolved within 60 days; or

(b) no response is forthcoming within 60 days.

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

(6) This paragraph must not be read as affecting a person’s rights to approach a court at any time.

51. Contracts providing for compensation based on turnover

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

(a) A % cap on the compensation payable to the service provider; and

(b) that such compensation must be performance based.

52. CONSTRUCTION INDUSTRY DEVELOPMENT BOARD ACT 30 OF 2000
The CIDB Act provides for the establishment of the Construction Industry Development Board; to implement an integrated strategy for the reconstruction, growth and development of the construction industry and to provide for matters connected therewith.

All of Midvaal Local Municipality’s departments and appointed Consultants are to adhere strictly to the CIDB regulations when procuring building and construction bidding projects and or services in Council as the construction procurement in the public sector is regulated in terms of the following legislation:

- PFMA SCM regulations (NATIONAL TREASURY)
- MFMA SCM regulations (NATIONAL TREASURY) and
- CIDB Act and regulations with respect to:
  - CIDB Code of Conduct for the Parties engaged in Construction Procurement
  - CIDB Standard for Uniformity in Construction Procurement.

**Alignment of the CIDB construction procurement to National treasury’s SCM regulations:**

SCM Regulations issued in terms of the MFMA (Regulation 21):

*Bid documentation for a competitive bidding process must take into account the requirements of the “Construction Industry Development Board, its regulations and all amendments, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure”*

**STANDARD CONTRACT FOR CIDB PROJECTS**

The JBCC contract should be utilised for all new construction, alterations, renovation works on council property or for new community projects.

The GCC (2004), Colto and other applicable contracts should be utilised for engineering projects that include but not limited to: civil, roads, water, sewer, electrical, mechanical, etc.

Officials from the engineering services, project management unit and development and planning departments must form part of the specifications committee where construction works are involved.
CIDB DEVELOPMENT FRAMEWORK
Focus areas for improved industry
<table>
<thead>
<tr>
<th>Inputs (technical function)</th>
<th>Control point (SCM function)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 ESTABLISH WHAT IS TO BE PROCURED</strong></td>
<td></td>
</tr>
<tr>
<td><strong>1.1</strong> Prepare broad scope of work for procurement (terms of reference/specifications)</td>
<td></td>
</tr>
<tr>
<td><strong>1.2</strong> Estimate financial value of proposed procurement (Budget/IDP)</td>
<td><strong>1.3</strong> Obtain permission to start with the procurement process by HOD and MM once specs have been approved by the Bid Specifications committee</td>
</tr>
<tr>
<td><strong>INPUTS (TECHNICAL FUNCTION)</strong></td>
<td><strong>CONTROL POINT (SCM FUNCTION)</strong></td>
</tr>
<tr>
<td><strong>2 DECIDE ON PROCUREMENT STRATEGIES</strong></td>
<td></td>
</tr>
<tr>
<td><strong>2.1</strong> Establish applicable preferential procurement policy strategy (PPPFA/MIG/other conditional grant funding)</td>
<td></td>
</tr>
<tr>
<td><strong>2.2</strong> Establish contract and pricing strategy</td>
<td></td>
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<tr>
<td><strong>2.3</strong> Establish targeting strategy</td>
<td><strong>2.4</strong> Establish procurement procedure in line with the relevant threshold value SCM policy/CIDB values.</td>
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<td>Inputs (technical function)</td>
<td>Control point (SCM function)</td>
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<tr>
<td><strong>3. SOLICIT TENDER OFFERS (2-STAGE BIDDING)</strong></td>
<td></td>
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<tr>
<td>3.1 Prepare terms of reference and specifications</td>
<td></td>
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<tr>
<td>3.2 Prepare bid documents for formal specs sign off</td>
<td></td>
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<tr>
<td>3.3 Confirm that budgets and funding is in place</td>
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<tr>
<td>3.4 Invite contractors to submit tender offers or expressions of interest by creating the invite on CIDB website</td>
<td></td>
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<tr>
<td>3.5 Receive tender offers or expressions of interest</td>
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<tr>
<td>3.6 Technically evaluate expressions of interests</td>
<td>3.6 Commercially evaluate expressions of interests</td>
</tr>
<tr>
<td>3.7 Prepare evaluation report on short listing process with SCM unit</td>
<td></td>
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<tr>
<td>3.8 Confirm shortlist</td>
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<td>3.9 Invite tender offers from shortlist</td>
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<td>Inputs (technical function)</td>
<td>Control point (SCM function)</td>
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<tr>
<td>4  EVALUATE TENDER OFFERS WITH SCM UNIT</td>
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<tr>
<td>4.1 OPEN AND RECORD TENDER OFFERS RECEIVED</td>
<td>4.2 Determine whether or not tender offers are complete</td>
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<tr>
<td>4.3 Determine whether or not tender offers are responsive</td>
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<tr>
<td>4.4 Evaluate tender submissions</td>
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<tr>
<td>4.5 Perform a risk analysis.</td>
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<tr>
<td>4.6 Prepare a technical evaluation report and item</td>
<td>4.6 Prepare a tender evaluation report for the BEC</td>
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<tr>
<td>4.7 Prepare a tender evaluation report for the BAC</td>
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<tr>
<td>Inputs (technical function)</td>
<td>Control point (SCM function)</td>
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</tr>
<tr>
<td>5 Award contract</td>
<td>5.1 Notify successful tenderer</td>
</tr>
<tr>
<td>5.2 Compile contract document &amp; PMS</td>
<td>5.3 Formally accept tender offer</td>
</tr>
<tr>
<td>5.4 Capture contract award data on CIDB &amp; Intenda</td>
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</tr>
<tr>
<td>6 Administer contracts and confirm compliance with requirements as per approved PMS</td>
<td>6.1 Administer contract in accordance with the terms and provisions of the contract (PMS)</td>
</tr>
<tr>
<td>6.2 Ensure compliance with requirements (PMS)</td>
<td>6.3 Capture contract completion / termination data on CIDB</td>
</tr>
</tbody>
</table>

**CONSTRUCTION GUARANTEES**

Where the bidder is required to submit a construction guarantee, the bidder must submit the original construction guarantee (from a FICA approved institution) valid for a minimum of 1 year to the Supply Chain Management unit within the stipulated time frame (usually 7 days from receipt of official order or approval letter). The guarantee is filed in a safe for safekeeping and released upon written request from the council appointed Project manager signed off by the Head of the department or the delegated employee. The guarantee will be released on the lapsing of the guarantee.
All construction procurement process to be drawn up and implemented in line with the CIDB Practice Notes (available on the CIDB website)

- Practice Note 1: Scaling up delivery and accelerating empowerment
- Practice Note 2: Correcting arithmetical errors in tenders
- Practice Note 3: Applying the Register of Contractors in Construction Works Contracts
- Practice Note 4: Procuring best value in construction works
- Practice Note 5: Evaluating tender offers
- Practice Note 6: Competitive selection of professional service providers
- Practice Note 7: Subcontracting arrangements
- Practice Note 8: Remunerating professional service providers
- Practice Note 9: Evaluation of quality in tender submissions
- Practice Note 10: Attaining social and economic deliverables
- Practice Note 11: Programme management approach to delivery
- Practice Note 12: The competitive negotiations procedure
- Practice Note 13: Identifying a construction works contract

Procurement Strategies

Midvaal Local Municipality needs to identify and put procurement strategies in place to enhance the following CIDB key objectives:

- Key Objectives
  - Meet Client Requirements: On time; in budget and to required quality
  - BEE
  - Skills Development
  - Job Creation

This can be created by using one of the following strategies and needs to be identified per project with input from Council:

1. Unbundling
2. Using Potentially Emerging Status
3. Using Joint Ventures
4. Using subcontracts
5. Bundling and Targeting – CIDB Practice Note 1
6. Term Contracts – CIDB Practice Note 1

The advertisement is drawn up and issued on I-tender on the CIDB website: www.CIDB.org.za that automatically sends an e-mail or SMS notification to the category registered contractors inviting them to submit a bid.

All briefing sessions/site inspection is compulsory in Midvaal to ensure that all contractors are aware of what is expected from them whilst tendering. Any changes to plans, works or bill of quantities are done and signed on site ensuring that all bidders have a fair/equal chance of tendering and will be evaluated as such.
CIDB Register of Contractors:

1. Store and provide data on the size and distribution of contractors operating within the construction industry, and

2. The volume, nature, performance and development of contractors and target groups; and

3. Provides access by the private sector and thus also facilitate private sector procurement.

Application

Register of contractors is to be applied in all public sector construction works contracts which exceed R30 000 including VAT.

- Register enterprises (not individuals)
  - both established enterprises with a track record and newly constituted enterprise without a track record or with one that over a short period;
  - in terms of their potential capability to undertake a contract of a given size, based on track records at a point in time.

THE FOLLOWING CONTRACTORS ARE NOT REGISTERED AT THE CIDB

- Joint ventures If all contractors registered, “effective” contractor grading designation calculated from the sum of the individual parameters. NB CIDB calculator available on www.cidb.org.za.

- Contractors who are under restrictions from doing business with the public sector e.g. name appears on the register of tender defaulters, no tax clearance certificates, etc.

- Contractors who are registered with the NHBRC as home builders are exempt from registration provided that they only undertake the construction of homes.

- Labour Only Contractors who undertake substantially labour only contracts are exempt.

- NB: Contractors who work only for the private sector are not required to be registered.
**TENDER VALUE RANGE**

- A registered contractor’s grading designation (indicated in the first column, below), means that the contractor is considered capable of undertaking a contract less than or equal to the value indicated in the second column - within the contractor’s registered class of works.

- **DESIGNATION** Less than or equal to:

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<tr>
<td>1</td>
<td>R0</td>
<td>R200 000</td>
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<tr>
<td>2</td>
<td>R200 000</td>
<td>R650 000</td>
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<tr>
<td>3</td>
<td>R650 000</td>
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<td>8</td>
<td>R40 000 000</td>
<td>R130 000 000</td>
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<tr>
<td>9</td>
<td>R130 000 000</td>
<td>No Limit</td>
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</table>

**Classes of construction works**

- CE = civil engineering
- EB = electrical engineering works – building
- EP = electrical engineering works - infrastructure
- GB = General building works
- ME = Mechanical Engineering works
- Specialist works (SB to SQ)

**Classes of specialist construction**

**SB**: The extension, installation, repair, maintenance or renewal, or removal of asphalt.

**SC**: The development, extension, installation, removal and dismantling, as relevant, as associated with building excavations, shaft sinking and lateral earth support.

**SD**: The development, extension, installation, repair, renewal, removal or alteration of corrosion protection systems (cathodic, anodic and electrolytic).

**SE**: Demolition of buildings and engineering infrastructure and blasting.

**SF**: The development, extension, installation, renewal, removal, renovation, alteration or dismantling of fire prevention and protection infrastructure (drencher and sprinkler systems and fire installations).
SG: The development, extension, installation, renewal, removal, renovation, alteration or dismantling of glazing, curtain walls and shop fronts.

SH: The development, extension, installation, renewal, removal, renovation, alteration or dismantling, as relevant, of landscaping, irrigation and horticultural works.

SI: The development, extension, installation, repair, maintenance, renewal, removal, renovation, alteration or dismantling of lifts, escalators, travellators and hoisting machinery.

SJ: The development, installation, removal or dismantling, as relevant, of piling and other specialized foundations for buildings and structures.

SK: The installation, renewal, removal, alteration or dismantling, as relevant, of Road markings and signage.

SL: The development, extension, installation, renewal, removal, renovation, alteration or dismantling of structural steelwork steelworks and scaffolding.

SM: Timber buildings and structures.

SN: The extension, installation, repair, maintenance, renewal, removal, renovation or alteration, as relevant, of the waterproofing of basements, roofs and walls using specialist systems.

SO: The development, extension, installation, renewal, removal, alteration or dismantling of the water installations and soil and waste water drainage associated with buildings (wet services and plumbing).

SQ: The development, extension, installation, repair, removal, alteration, dismantling or demolition of precast concrete security concrete security fencing or steel security fencing.

WORKS CAPABILITY

Statutory requirements

➢ A contractor must be in possession of an electrical contractor license issued by ECBSA for the Electrical Engineering class of construction works

➢ be registered as a Home Builder with the NHBRC for the SP class of construction works.

Current

➢ Contractor Grading Designation
➢ Status of Contractor – Potentially Emerging Enterprise

Future

➢ Best Practice Contractor Recognition Scheme
➢ Status of recognition of the progress of a contractor in terms of any BEE Programme
JOINT VENTURES

If all joint venture partners are registered, “effective” contractor grading designation calculated from the sum of the individual parameters.

NB CIDB calculator available on www.cidb.org.za or:

<table>
<thead>
<tr>
<th>Designation</th>
<th>Deemed to satisfy joint venture arrangements</th>
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</thead>
<tbody>
<tr>
<td>3</td>
<td>3 x designation 2</td>
</tr>
<tr>
<td>4</td>
<td>3 x designation 3</td>
</tr>
<tr>
<td>5</td>
<td>2 x designation 4</td>
</tr>
<tr>
<td></td>
<td>1 x designation 4 + 2 designation 3</td>
</tr>
<tr>
<td>6</td>
<td>2 x designation 5</td>
</tr>
<tr>
<td></td>
<td>1 x designation 5 + 2 x designation 4</td>
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<tr>
<td>7</td>
<td>2 x designation 6</td>
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<tr>
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<td>1 x designation 6 + 2 x designation 5</td>
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<tr>
<td>8</td>
<td>3 x designation 7</td>
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<tr>
<td>9</td>
<td>3 x designation 8</td>
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</table>

A Joint venture calculator is available on the CIDB website for ease of use and reference.

REGISTERING OF PROJECTS

Legal requirement:

An employer must, within 21 working days from the date on which a contractor’s offer to perform a construction works contract is accepted in writing by the employer, apply on the approved form to the Board for the registration of every project, consisting of a single construction works contract, of which the contract value exceeds a value determined by the Minister by notice in the Gazette.

- Public sector above R200 000
- Private sector above R3,0 million
- (NHBRC homes exempt)
**Reporting requirements**

Midvaal must within one month of the following cases notify the CID Board regarding the nature of financial and management support provided to potentially emerging enterprises and the benefit derived there from:

- award of the contract
- issue of practical completion certificate
- settling all amounts owing to the contractor in accordance with the contract, as determined by the employer (final completion)
- renewal, cancellation or termination of contract
- entering into arbitration or litigation

**TRANSITIONAL ARRANGEMENTS (UNTIL REVISION OF REGULATIONS):**

**Public sector**

Regulations are deemed to be satisfied in the public sector if the following is undertaken on the CIDB website:

- advertise competitive tenders on i-tender@cidb
- register award of tender (cidb website); and
- register award of non-competitive tenders and
- cancellations on the cidb website

Batched registration (electronic data file) may be made at least monthly.

**53. Process for the Restriction of Suppliers from doing business with Council**

The Accounting Officer is empowered to restrict companies or persons from doing business with the public sector for a period not exceeding 10 years if such companies or persons have obtained preferences fraudulently or failed to perform on a contract based on the specified goals.

The procedures to be followed when contemplating and imposing such restrictions are contained in MFMA Circulars No. 43, 46, 52 and 56 available on the National Treasury website. Any restriction imposed by an Accounting Officer must be forwarded to the National Treasury for loading onto the central *Database of Restricted Suppliers.*
The following internal control measures must be followed by Midvaal Local Municipality:

The report on non-compliance and non-performance by a supplier as identified/stipulated in the National Treasury circulars must be forwarded to the Performance and Systems Management Co-coordinator by the HOD/delegate or project manager assigned to the project, in writing.

The Performance and Systems Management Co-coordinator or HOD must investigate the allegations and circumstances and give a formal report to the Bid Adjudication Committee for a recommendation on any discrepancies.

The supplier is then, depending on the nature of transgression, either restricted to do business with Midvaal Local Municipality for a period not exceeding 10 years or in the case of a serious transgression, following formal legal/SAPS court or other proceedings blacklisted with Council and National Treasury for period not exceeding 10 years.

54. **CONTRACT MANAGEMENT**

(1) **Application**

The contract management provisions below are applicable only to contracts for the provision of goods or services.

(2) **Competency**

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

(3) **Maintenance and Contract Administration**

(a) Contracts related to the procurement of goods and services will be captured on the *Venus* system in the form of a price schedule.

(b) Value (where the maximum value of the contract is restricted) and volume (where the maximum units procured are restricted) based contracts will be used.

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

(d) Consolidated (Citywide) procurement volumes have to dive down the negotiated contract prices.

(e) Contract price adjustments shall be processed only in accordance with contract terms and conditions. Price adjustments shall be made on the procurement contract and any current purchase orders shall be changed to reflect the new price.
(4) **Contract Administration**

Contract administration is the last stage of the tendering and contract cycle, and includes all administrative duties associated with a contract after it is executed, including contract review.

The effectiveness of contract administration will depend on how thoroughly the earlier steps were completed. Changes can be made far more readily early in the tendering cycle than after contract management has commenced.

Some of the key early stages, which influence the effectiveness of contract administration include - :

(a) Defining the output, that is, writing specifications which identify what the aims and outputs of a contract will be;
(b) assessing risk;
(c) researching the market place (including conducting pre-tender briefings);
(d) formulating appropriate terms and conditions of contract;
(e) identifying appropriate performance measures and benchmarks so that all parties know in advance what is expected, and how it will be tested;
(f) actively creating competition, so the best possible suppliers bid for contracts; and
(g) evaluating bids competently, to select the best contractor, with a strong customer focus and good prospects of building a sound relationship.

(5) **Levels of Contract Administration**

There are three levels of contract administration:

a) The first operational level is for standard contracts for goods and services. Day to day contract administration should become no more than a monitoring, record keeping and payment authorization role. A standard contract, which requires excessive administration, is almost certainly the product of a failure in contract preparation stages. An example of an operational contract would be a stationery contract.

b) The second or intermediate level is for more complex contracts for services. An example would be a contract to outsource cleaning services. This type of contract will require a more active role for the contract manager in developing the relationship between the Municipality and the contractor.

c) The third level is for strategic contracts involving complex partnerships and outsourcing arrangements. These contracts need more active management of the business relationships between the supplier and the users, for example to manage outputs and not the process. Sufficient resources need to be dedicated by all parties to successfully manage these contractor relationships and, where feasible, to achieve partnership. A partnership is the result of mutual commitment to a continuing co-operative relationship, rather than parties working on a competitive and adversarial basis.
(6) **Appointing a Contract Manager**

(a) A contract manager should be appointed by the senior official in charge of the project prior to the execution of the contract.

(b) Where it is practical to do so, the contract manager should be involved at the earliest stage of the acquisition, which is the time of writing the specification. Contract administration arrangements should be identified and planned including who, how, delegations, reporting requirements and relationships and specific task responsibilities.

(c) Departments shall be responsible for ensuring that contract managers:

   i) prepare the contract administration plan.
   ii) monitor the performance of the contractor.
   iii) are appointed with appropriate responsibility and accountability;

(d) are adequately trained so that they can perform and exercise the responsibility; and

(e) act with due care and diligence and observe all accounting and legal requirements.

(7) **Duties and Powers of Contract Manager**

(a) The contract manager’s duties and powers shall be governed by the conditions of contract and the general law.

(b) The contract manager shall also be required to form opinions and make decisions, and in doing so is expected to be even-handed and prudent.

(8) **Contract Guidelines**

(a) A guideline, which provides a description of the roles and responsibilities of a contract manager during the contract administration stage, shall be documented.

(b) This following is not an exhaustive description of contract administrative activities, and some tasks may not be carried out in the sequence presented, may be done concurrently with other tasks, or may not be necessary in some circumstances.

(9) **Delegation to Contract Administration**

(a) Where appropriate, a contract manager may delegate some contract administration duties to a contract administrator.

(b) The contract administrator would usually be required to perform duties related to processes for record keeping and authorizing payment and collecting data on the contractor performance.
(c) The contract manager will however remain ultimately responsible for the performance of the contract.

(10) **Contract Management Process**

(a) The contract manager shall ensure the contractor fulfils its obligations and accepts its liabilities under the contract and must also ensure the contractors are treated fairly and honestly.

(b) Both parties adhering to the agreed terms will result in:-

   i) value for money;
   ii) timeliness;
   iii) cost effectiveness; and
   iv) contract performance.

(11) **Document Retention**

The need exists to retain documents on a contract file for information and audit purposes, and in order to comply with the requirements of the records office.

(12) **Records Office**

Proper records regarding all aspects of the contract must accordingly be maintained.

(13) **Guidelines on Contract Administration**

The responsibilities of a contract manager may include the following:

a) establishing a contract management plan for the project;

b) reviewing the contract management process (including the plan) on a regular basis;

c) providing liaison between internal managers and users, and suppliers to identify and resolve issues as they arise;

d) monitoring the contractor's continuing performance against contract obligations;

e) providing the contractor with advice and information regarding developments within the department, where such developments are likely to affect the products provided;

f) determining if staged products should continue, and providing a procurement process for additional stages which meet the principle of obtaining value for money;

g) providing accurate and timely reporting to the senior management in charge of the project, highlighting significant performance issues or problems;

h) ensuring insurance policy(s) terms and conditions provide adequate protection for MLM and are maintained throughout the contract period;
i) ensuring all products provided are certified as meeting the specifications before the supplier is paid;

j) maintaining adequate records (paper and/or electronic) in sufficient detail on an appropriate contract file to provide an audit trail;

k) managing contract change procedures;

l) resolving disputes as they arise;

m) conducting post contract reviews; and

n) pursuing remedies in the event of contract breach.

55. **Contracts having budgetary implications beyond three financial years**

MLM may not enter into any contract that will impose financial obligations beyond the three years covered in the annual budget for that financial year, unless the requirements of Section 33 of the Municipal Finance Management Act have been fully complied with, e.g. the rendering of the compilation of the valuation and supplementary valuation roll services, bank services or where grant/loan funding has been secured.

56. **Increase/Extension in contract sum/period**

(a) Any increase and/or extension in the approved contract sum that may become necessary as a result of **exceptional circumstances** during the contract period, must be approved by the appropriate bid committees prior to implementation. This excludes all annual/bi-annual/quarterly CPI/PPI increases provided for in the bidding documents as approved by the bid adjudication committee at the inception of the bids. These increases will however be scrutinised by the Heads of Departments for budget purposes and the bidders be informed of the status quo per formal letter prior to updating the contracts.

(b) Where community participation has been a part of the project, the community must be advised of the proposed increase and be invited to provide written comment.

(c) Any unapproved increase in the contract sum must be explained in a report to the Accounting Officer, requesting condonation for of such unapproved increase.

Unsuccessful condonation applications must be dealt with in the appropriate provisos of MLM.

57. **Commencement**

This Policy takes effect on **01 JULY 2014**.

Review Midvaal SCM Policy March 2014/CK
MIDVAAL LOCAL MUNICIPALITY
REQUEST FOR THE SCM UNIT PROCEED WITH THE RELEVANT BID PROCESS
KINDLY ATTACH THIS FORM TO THE DETAILED AND COMPLETE SPECIFICATIONS

<table>
<thead>
<tr>
<th>CONTRACT NUMBER:</th>
<th>PLEASE NOTE:</th>
<th>ATTACH A COPY OF BUDGET / RESOLUTION RELEVANT TO THIS BID</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PLEASE INDICATE TYPE OF PRO-FORMA DOCUMENT USED:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>DETAILED PROJECT DESCRIPTION:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>VOTE NUMBER:</th>
<th>CAPITAL</th>
<th>OPERATIONAL</th>
<th>SOURCE OF INCOME:</th>
<th>CR/R/EXTERNAL LOAN/GRANT (e.g.: MIG, DAC, DWAF, SEDIBENG, ETC) (Please submit supporting documents)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Please tick)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ESTIMATED VALUE:</th>
<th>POINT SYSTEM:</th>
<th>EVALUATION CRITERIA FOR PROFESSIONAL SERVICES/PROPOSALS</th>
<th>CAN THE BID BE AWARDED TO MORE THAN ONE COMPANY?</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>90/10</td>
<td>STANDARD</td>
<td>YES/NO</td>
</tr>
<tr>
<td></td>
<td>80/20</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Expenditure schedule for duration of project on monthly basis attached to application

<table>
<thead>
<tr>
<th>IS THIS PROJECT BUDGETED FOR?</th>
<th>WILL SURETY/GUARANTEE BE APPLICABLE TO THE BID?</th>
<th>YES/NO</th>
<th>IS A COMPULSORY SITE/CLARIFICATION MEETING NEEDED?</th>
<th>YES/NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Please indicate %)</td>
<td></td>
<td></td>
<td>Indicate proposed date, time and venue</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Projected cash flow:

<table>
<thead>
<tr>
<th>Quarter 1:</th>
<th>Quarter 2:</th>
<th>Quarter 3:</th>
<th>Quarter 4:</th>
<th>Next financial years:</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>20____ R</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ONCE-OFF BID</th>
<th>1 YEAR BID</th>
<th>2 YEAR BID</th>
<th>3 YEAR BID</th>
<th>5 YEAR BID</th>
<th>VALIDITY PERIOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>R</td>
<td>R</td>
<td>3</td>
<td>5</td>
<td>60/90/120 DAYS</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Please indicate the special conditions (sc) applicable on this bid, e.g., local labour &amp; training, labour based projects, conditional grants, etc.</th>
</tr>
</thead>
</table>

Special Conditions of contract are other than that stipulated in the General Conditions of Contract prescribed by National Treasury. A pro-forma of SC are available from the SCM unit which needs to be amended and updated in accordance to the relevancy of the proposed bid to be initiated.

<table>
<thead>
<tr>
<th>OTHER CONDITIONS (DETAILED DOCUMENTS) TO BE SUBMITTED TO THE SCM UNIT ELECTRONICALLY</th>
</tr>
</thead>
</table>

DETAILS OF PROJECT MANAGER/END USER:

<table>
<thead>
<tr>
<th>NAME:</th>
<th>TEL. NO.:</th>
<th>FAX NO.:</th>
<th>E-MAIL ADDRESS:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NAME:</th>
<th>TEL. NO.:</th>
<th>FAX NO.:</th>
<th>E-MAIL ADDRESS:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OFFICIAL USE: SUPPLY CHAIN MANAGEMENT UNIT &amp; EXPENDITURE</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>BID / PROPOSAL NO:</th>
<th>DOC. FEE: R</th>
<th>CLOSING DATE:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PROJECT APPROVED ON BUDGET?</th>
<th>DOCS. AVAILABLE FROM:</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES/NO</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AD PUBLISHING DATE:</th>
<th>MEDIA TO BE USED FOR PLACEMENT OF ADS IF ABOVE R200 000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>APPROVED TO BE ADVERTISED BY:</th>
<th>DATE:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PLEASE NOTE, THAT DEPARTMENTS ARE SOLELY RESPONSIBLE FOR BID/PROPOSAL SPECIFICATIONS AS WELL AS THE CORRESPONDING SCHEDULE OF PRICES AS THE SUPPLY CHAIN MANAGEMENT UNIT WILL NOT ACCEPT ANY RESPONSIBILITY FOR ANY INCORRECT OR INCOMPLETE SPECIFICATIONS. THE ADVERTISEMENT WILL ONLY BE PLACED IN THE MEDIA ONCE THE BID SPECIFICATIONS COMMITTEE HAS APPROVED THE SPECIFICATIONS. ALL SPECIFICATIONS NEEDS TO BE FORWARD TO THE SCM UNIT ELECTRONICALLY

REQUESTED BY:

<table>
<thead>
<tr>
<th>NAME AND SURNAME</th>
<th>SIGNATURE</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

563
APPLICATION FOR EX POST FACTO APPROVAL: FORM A

TO:      HEAD OF DEPARTMENT: ________________________________________

Application is hereby made for ex post facto approval for:
___________________________________________________________________________________________________
___________________________________________________________________________________________________
___________________________________________________________________________________________________

Indicate under which circumstances action was taken.
In case of an emergency □ OR In case of best interest to the state: □

It is hereby certified that the action did not occur as a result of negligence or ignorance, that the action was taken with care and coincided with what is expected of a reasonable person and that no fruitless expenditure has been incurred.

SUBMITTED BY: __________________________    _______________________
NAME       DATE

__________________________   ________________________
DESIGNATION     SIGNATURE

SECTION: ____________________________ TEL: ____________________________

Instruction for the completion of this application form

1. The policy and procedures for irregular actions (ex post facto approval) and emergency services is applicable and must be adhered to at all times.

2. This application (Form A) must be accompanied by either a completed Form B or C.

3. The application must be completed in full giving detailed explanatory notes in which the circumstances are explained.

4. All Applications must be signed by the Requestor, the HOD for submission to the SCM Unit will peruse and check legal compliance and forward it to the the Executive Director: Financial Services and the Municipal Manager for approval.

5. The SCM unit will report to the council on such approval.
NB: This form must be completed and submitted under cover of the completed Form A, in matters where action was taken in the case of an emergency (as defined in Section 36 of this policy).

<table>
<thead>
<tr>
<th>QUESTIONNAIRE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Describe full participates of the circumstances that could not be foreseen:</td>
<td></td>
</tr>
<tr>
<td>Outline the dangerous/perilous condition, misery/defect or life threat that occurred as a result of the state of emergency, or could have resulted, or damage that could have been incurred</td>
<td></td>
</tr>
<tr>
<td>Indicate what was intended with the action in order to relieve, stem or to prevent the state of emergency.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date and time the requirement came know</th>
<th>DATE</th>
<th>TIME</th>
<th>NAME</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>The supplier was instruction as follows:</th>
<th>Against a contract awarded</th>
<th>Order placed</th>
<th>As a verbal instruction:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bid number: ____________</td>
<td>(Order number: ____________)</td>
<td>Name: ________________</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date and time the instruction was given</th>
<th>DATE</th>
<th>TIME</th>
<th>NAME</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Date and time the emergency works were completed by the appointed contractor</th>
<th>DATE</th>
<th>TIME</th>
<th>NAME</th>
</tr>
</thead>
</table>

| What attempts were made to obtain prior authorisation from the bidding committee or HOD? | |
|------------------------------------------------------------------------|
Is the pricing of the works required market related? Please elaborate.

**CASES OF EMERGENCY: FORM B (CONTINUED)**

<table>
<thead>
<tr>
<th>Did the application arise from an Audit inquiry?</th>
<th>No</th>
<th>Yes (give details)</th>
</tr>
</thead>
<tbody>
<tr>
<td>REQUEST SUBMITTED BY:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USER DEPARTMENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NAME</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DATE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SIGNATURE</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>YES/NO</th>
<th>PLEASE INDICATE IN THE BOX IF THE EX-POST FACT IS APPROVED OR NOT</th>
</tr>
</thead>
<tbody>
<tr>
<td>HEAD OF DEPARTMENT</td>
<td></td>
</tr>
<tr>
<td>NAME</td>
<td></td>
</tr>
<tr>
<td>DATE</td>
<td></td>
</tr>
<tr>
<td>SIGNATURE</td>
<td></td>
</tr>
<tr>
<td>ED: FINANCIAL SERVICES</td>
<td></td>
</tr>
<tr>
<td>NAME</td>
<td></td>
</tr>
<tr>
<td>DATE</td>
<td></td>
</tr>
<tr>
<td>SIGNATURE</td>
<td></td>
</tr>
<tr>
<td>MUNICIPAL MANAGER</td>
<td></td>
</tr>
<tr>
<td>NAME</td>
<td></td>
</tr>
<tr>
<td>DATE</td>
<td></td>
</tr>
<tr>
<td>SIGNATURE</td>
<td></td>
</tr>
</tbody>
</table>
**NB:** This form must be completed and submitted under cover of Form A in cases where action was taken in the best interest of the state.

<table>
<thead>
<tr>
<th>QUESTIONNAIRE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furnish and motivate the reasons for the urgent action</td>
<td></td>
</tr>
<tr>
<td>Motivate the negative results that could have occurred if prescribed bidding procedures were taken and a comparison of the result that was brought about by this section</td>
<td></td>
</tr>
<tr>
<td>Did the unauthorised action yield better results than would have been yielded if the prescribed bidding procedures had been followed? Motivate</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date and time the requirement came know</th>
<th>DATE</th>
<th>TIME</th>
<th>NAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Against a contract awarded</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bid number: ____________</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Order placed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Order number: _______________)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As a verbal instruction:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Name: ________________________________</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date and time the instruction was given</th>
<th>DATE</th>
<th>TIME</th>
<th>NAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bid number: ____________</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Order number: _______________)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Name: ________________________________</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date and time the required works were completed by the appointed contractor</th>
<th>DATE</th>
<th>TIME</th>
<th>NAME</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
What attempts were made to obtain prior authorisation from the bidding committee or HOD?

**BEST INTEREST: FORM C (Continued)**

Is the pricing of the works required market related? Please elaborate.

Indicate whether the action can be attributed to negligence. If not, motivate.

Indicate whether any fruitless expenditure/damage has occurred. If not, motivate.

Did the application arise from an Audit inquiry?

<table>
<thead>
<tr>
<th>No</th>
<th>Yes (give details)</th>
</tr>
</thead>
</table>

REQUEST SUBMITTED BY:

<table>
<thead>
<tr>
<th>USER DEPARTMENT</th>
<th>Name</th>
<th>Date</th>
<th>Signature</th>
</tr>
</thead>
</table>

DELEGATED APPROVAL

<table>
<thead>
<tr>
<th>YES/NO</th>
<th>PLEASE INDICATE IN THE BOX IF THE EX-POST FACT IS APPROVED OR NOT</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>HEAD OF DEPARTMENT</th>
<th>Name</th>
<th>Date</th>
<th>Signature</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>ED: FINANCIAL SERVICES</th>
<th>Name</th>
<th>Date</th>
<th>Signature</th>
</tr>
</thead>
</table>
REQUEST FOR PLACEMENT OF ADS / NOTICES / PRESS RELEASES / VACANCIES / BID IN THE PRESS

Kindly obtain quotations for an advertisement to be placed in the media as follows:

<table>
<thead>
<tr>
<th>LOCAL MEDIA (MOOIVAAL)</th>
<th>COMMUNITY MEDIA</th>
<th>NATIONAL MEDIA</th>
<th>GOVERNMENT MEDIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meyerton Ster</td>
<td>Henley Herald</td>
<td>The Star</td>
<td>Government Gazette</td>
</tr>
<tr>
<td>Sedibeng Ster</td>
<td>The Courier</td>
<td>Die Beeld</td>
<td>Provincial Gazette</td>
</tr>
<tr>
<td>Vereeniging Ster</td>
<td>Walkerville Village; Valley Views; Eikenhof Echo; De Deur Village Gazette; Meyerton Meander; River Valley Reporter; Daleside Village Reporter; Klipriver Valley Views; Vaal Marina Village Bulletin; Midvaal Meander</td>
<td>Rapport/City Press Combo</td>
<td>Tender Bulletin</td>
</tr>
<tr>
<td>Vanderbijpark Ster</td>
<td></td>
<td>Business Day</td>
<td></td>
</tr>
<tr>
<td>Sasolburg Ster</td>
<td></td>
<td>Mail &amp; Guardian</td>
<td></td>
</tr>
<tr>
<td>Vaal Weekblad</td>
<td></td>
<td>Sunday Independent</td>
<td></td>
</tr>
<tr>
<td>Lesedi</td>
<td>* These community papers are managed through Terry Scott paying one fee for all of the above distributed in the relevant areas. Deadline 5th of each month, as printing takes place on 10th &amp; deliveries 15th of each month.</td>
<td>The Sowetan</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>The Sunday Times</td>
<td>The deadline for Government Printers is Wednesday’s 10:00 two weeks prior to placement in the Gazette’s or Bulletins and payable upfront.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The Citizen</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sondag</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Daily Sun</td>
<td></td>
</tr>
</tbody>
</table>

* These community papers are managed through Terry Scott paying one fee for all of the above distributed in the relevant areas. Deadline 5th of each month, as printing takes place on 10th & deliveries 15th of each month.

All Mooivaal papers’ deadline: Tuesday’s 10:00 at the Printers one week prior to placement (including signed off proofs and quotes)

See distribution areas below.

Loxton
SEDIBENG DISTRIBUTION: 101 000 DISTRIBUTION PER WEEK
AREAS: Sharpville, Vanderbijlpark, Vereeniging, Sicelo, Rust-ter-Vaal, Roshnee, Steelpark, Bedworthpark, West side park, Palmsprings, Evaton, Evaton North, Bophelong, Sebokeng (all zones), Orange Farms and Boipatong.

MEYERTON STER: 9 100 DISTRIBUTION PER WEEK
AREAS: Daleside, Golf Park, Groendenne, Henley-on-klip, Kookrus, Meyerton, Randvaal, Redan, Riversdale, Rothdene, Small Farms, Industury ext 1 & 2.

VEREENIGING STER: 23 600 DISTRIBUTION PER WEEK

VANDERBIJLPARK STER: 27 100 DISTRIBUTION PER WEEK
AREAS: Bedworthpark, Bonnanè, Flora Gardens, Vanderbijlpark, S-Area, C-Area, CW-Area, NW 7-Area, CBD and CE 6 Industry.

SASOLBURG STER: 12 900 DISTRIBUTION PER WEEK

LESEDI NEWSPAPER: 21 000 COPIES PER WEEK
AREAS: Black community in Sedibeng (30% focus on Sedibeng and 70% focus on National) distributed every Thursday.

COURIER: 50 000 COPIES IN THE VAAL TRIANGLE (MONTHLY)
AREAS: Vereeniging, Vanderbijlpark, Sasolburg, Vaal Park, Meyerton and Roshnee. (Estimated 150 000 to 200 000 readers).

SIZE OF AD TO BE PLACED IN THE MEDIA

<table>
<thead>
<tr>
<th>MOOIVAAL MEDIA</th>
<th>LESEDI</th>
<th>COMMUNITY - WALKERVILLE</th>
<th>COURIER</th>
</tr>
</thead>
<tbody>
<tr>
<td>BLACK AND WHITE ONLY</td>
<td>FULL COLOUR</td>
<td>FULL COLOUR</td>
<td>BLACK &amp; WHITE</td>
</tr>
<tr>
<td>5 x 6.5 cm</td>
<td>5 x 6.5 cm</td>
<td>18.5 x 12 cm</td>
<td>A4 (full page)</td>
</tr>
<tr>
<td>10 x 6.5 cm</td>
<td>10 x 6.5 cm</td>
<td>11.5 x 9 cm</td>
<td>A5 (half page)</td>
</tr>
<tr>
<td>10 x 13 cm (Postcard)</td>
<td>10 x 13 cm (Postcard)</td>
<td>8.5 x 6 cm</td>
<td>A6 (quarter page)</td>
</tr>
<tr>
<td>15 x 13 cm</td>
<td>15 x 13 cm</td>
<td>4.5 x 6 cm</td>
<td>One eighth page</td>
</tr>
<tr>
<td>20 x 13 cm (Quarter page)</td>
<td>20 x 13 cm (Quarter page)</td>
<td>Half page</td>
<td></td>
</tr>
<tr>
<td>20 x 26 cm (Half page)</td>
<td>20 x 26 cm (Half page)</td>
<td>Full Page</td>
<td></td>
</tr>
<tr>
<td>40 x 26 cm (Full page)</td>
<td>40 x 26 cm (Full page)</td>
<td>Flyers per 1000</td>
<td></td>
</tr>
<tr>
<td>VOTE:</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Placement date: week of __________________20__.

Yours faithfully

______________________________  ____________________________
NAME:        DESIGNATION:

_________________________________

571
## Checklist for Supply Chain Process to Proceed

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Description</th>
<th>Responsible Person</th>
<th>YES/NO</th>
<th>Date/Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IDP</strong></td>
<td>Was the capital project approved in the IDP – council approval</td>
<td>End user/SCM</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Budget</strong></td>
<td>Approved in operational or capital – council approval</td>
<td>End user/SCM</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Vote Number</strong></td>
<td>Is the vote number allocated</td>
<td>End user/Finance</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Funding Secured</strong></td>
<td>Is the funding in the bank</td>
<td>End user/Finance</td>
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<td>If not, what are the grant payment requirements:</td>
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<td>DME/RBIG/MIG/DAC/CRR</td>
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<tr>
<td><strong>Cash Flow/Budget</strong></td>
<td>Did finance comment on the cash flow and confirm the funding?</td>
<td>End user/Finance</td>
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<tr>
<td><strong>Building Plans</strong></td>
<td>Have the building plans been approved or been submitted for approval?</td>
<td>End user/Dev &amp; Plan</td>
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<td>(Applicable to CIDB Capital Projects)</td>
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<tr>
<td><strong>Project Files</strong></td>
<td>Are the project files up to date at finance with all the relevant information pertaining to this bid (capital projects)</td>
<td>SCM</td>
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<td>(Applicable to Capital Projects)</td>
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<td><strong>Comments</strong></td>
<td>Are the comments of all the council departments included in the report to the specs committee?</td>
<td>End user</td>
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<thead>
<tr>
<th>Department</th>
<th>Comments</th>
<th>Signature</th>
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<tr>
<td>Social Services</td>
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<td>Engineering Services</td>
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<td>Director: PMU</td>
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<td>Dev and Planning</td>
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<td>Protection Services</td>
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<td>Human Resources</td>
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<td>Financial Services</td>
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Request Submitted By: ___________________________  Date: ___________________________
TECHNICAL EVALUATION OF THE BIDS RECEIVED FOR BID NUMBER 8/2/ / / : DESCRIPTION OF BID

Technically evaluated by:

Name: ________________________ ________________________ ________________________

Designation: END USER, SUPERVISOR, DIRECTORS AND PMU/BUILD CONTROL ON CONSTRUCTION, ALTERATIONS AND RENOVATIONS OF COUNCIL BUILDINGS AND NEW WORKS

Signatures: ________________________ ________________________ ________________________

Date: __________________

Technical findings:

<table>
<thead>
<tr>
<th>BIDDER</th>
<th>TECHNICAL CAPABILITY</th>
<th>EPWP (if applicable)</th>
<th>* SITE INSPECTION CONDUCTED ON ITEMS OFFERED AND SITE (SIGNED INSPECTION SHEETS)</th>
<th>EXPERIENCE RELEVANT TO THE PROJECT/WORKS</th>
<th>EXPERIENCE CONFIRMED</th>
<th>PRICE COMPARED TO ESTIMATE</th>
<th>COMMENTS</th>
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*NB: Site inspections conducted may include photos of the premises and plant and equipment offered for this bid. Please ensure that a council representative and the bidder (authorised to sign) signs the attendance and inspection check list of the inspection conducted. The bidders need to have proof on hand of ownership of the vehicles (Natis/registration papers) for vehicles, plant and equipment offered. Bidders also need to have proof that drivers/operators of these items are qualified and have valid licences to drive and operate these vehicles. All vehicles must be inspected for road worthiness. Please check the specifications approved to ensure that all aspects of the specs/scope are being met.

Vote: ________________________  Budget for 2013/2014: ________________________

Cost estimate of end user department: ________________________

Motivation/breakdown for cost estimate: ____________________________________________

Recommendation: ________________________________________________________________
Introduction

1. Logistics management must provide for an effective system in order to provide for the setting of inventory levels, placing of orders, receiving and distribution of goods, stores and warehouse management, expediting orders, transport management, vendor performance, and maintenance and contract administration.

GENERAL LOGISTICS

Placing of Orders

1. Purchase orders will be created with reference to requisitions where the supply source is either bids or quotations.

2. All purchase orders will be captured on the MLM's Venus system exclusive of VAT.

3. Standing orders (also known as “framework orders”) will be used in cases where longer term arrangements, necessitating interim payments, are required.

4. Purchase order approvals will be systems based and shall be authorized by the Procurement Department only.

Receiving of Goods

1. Goods received will be captured on the MLM Venus system via a Goods Received Note with reference to the relevant purchase order. Where applicable, the Treasury Department’s Assets Section (for asset creation) and Insurance Section (for claims) will be informed of the purchase via the MLM Venus system, at the end of the procurement process, in terms of other applicable policies.

2. Deliveries of goods may not exceed the order quantity. Short deliveries will keep the purchase order open until the balance of the order is received or cancelled.

Expediting Orders

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

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

Fleet and Fuel Management

The fleet and fuel management policies of MLM must be adhered to at all times.

Vendor Performance
1. The Venus/Intenda system will enable system-based evaluation, based on the vendors’ performance with regard to certain pre-determined criteria.

2. This information will be available for future evaluation purposes, contract negotiations and regular feedback to the vendors.

**Contract Administration**

1. Contract administration includes all administrative duties associated with a contract that has arisen through one of the acquisition/procurement processes described in this policy.

2. All contracts must be administered by a contract manager within the various departments, who will be an internal official assigned to ensure the effective administration of the contract. The contract manager will typically be the internal project manager assigned to the project as a whole, but may also be a cost centre owner or other responsible official.

3. A contract manager must be assigned to each contract and, where possible, should be involved from the earliest stages of the acquisition process.

4. The contract manager’s duties and powers shall be governed by the conditions of contract and the general law.

5. In administering a contract, the contract manager will be required to form opinions and make decisions which, while in the Council’s best interests, must be fair to all parties concerned.

6. Departmental Heads (Directors) shall be responsible for ensuring that contract managers:
   
   6.1 are assigned to all contracts within the Department Head’s area of responsibility;
   
   6.2 are adequately trained so that they can exercise the necessary level of responsibility in the performance of their duties.

7. The contract manager shall:
   
   - ensure that all the necessary formalities in signing up the contract and/or issuing the purchase order(s) are adhered to;
   
   - ensure that contracts related to the procurement of goods and services are captured on the Council’s Venus system in the form of a price schedule;
   
   - ensure that all original contract documentation is lodged with the Supply Chain Management Unit and Records section for record purposes;
   
   - monitor the performance of the contractor in order to ensure that all of the terms and conditions of the contract are met in collaboration with the Performance and systems Coordinator;
   
   - where necessary, take appropriate action where a contractor is underperforming or is in default or breach of the contract;
where appropriate, authorise payments due in terms of the contract by processing payment certificates (if applicable), and ensuring that the necessary Service Entry Sheets or Goods Received Notes are captured on the Council’s Venus system;

manage contract variation or change procedures;

administer disputes where necessary, in terms of this policy and the applicable Conditions of Contract;

conduct, as appropriate, post contract reviews;

maintain adequate records (paper and/or electronic) in sufficient detail on an appropriate contract file to provide an audit trail;

act with care and diligence and observe all accounting and legal requirements.

STOCK LOGISTICS

Valuation of Stock

1. Stock is valued on the weighted average costing method per plant and is VAT exclusive.

2. VAT is claimed upon purchase and output VAT is accounted for at the time of issue according to the accounting policy.

Setting of Inventory Levels

1. Stock items shall be systematically replenished using the re-order point planning strategy.

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

Issuing of Stock

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

Stock Replenishment

1. Purchase orders will be created, where applicable, with reference to replenishment requisitions in respect of term supply contracts for goods.

2. Replenishment requisition approvals will be systems based.

3. All replenishment will be effected via the Procurement Management System.

Stores Management

1. The stores function shall be decentralised in Midvaal Local Municipality and will operate under the jurisdiction of the Supply Chain Management Department.
2. The Supply Chain Management Department must ensure proper financial and budgetary control; uphold the principle of effective administration, proper stock holding and control, product standardisation, quality of products and a high standard of service levels.

DISPOSAL MANAGEMENT SYSTEM

Goal

1. To give effect to:

   1.1 Regulation 40 of the Supply Chain Management Regulations which requires an effective system for the disposal of letting of assets including unserviceable, redundant or obsolete assets, and

   1.2 the Municipal Asset Transfer Regulations,

   subject to sections 14 and 90 of the Municipal Finance Management Act (MFMA) and any other applicable legislation.

2. As far as possible, assets to be disposed of must be made available to recycling. Disposal to landfill is not allowed unless no recycling options are available.

Disposal Management System

1. Subject to the provisions of the Municipal Asset Transfer Regulations:

   1.1 moveable assets may be sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous to the Council;

   1.2 immovable property may:

   1.2.1 be sold only at market related prices to the highest bidder, except when the public interest or the plight of the poor demands otherwise;

   1.2.2 let only at market related rates to the highest bidder except when the public interest or the plight of the poor demands otherwise and provided that all charges, rates, tariffs, scales of fees or other charges relating to the letting of immoveable property are annually reviewed;

   1.3 in the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within 30 days whether any of the local schools are interested in the equipment;

   1.4 in the case of fire arms, the National Conventional Arms Control Committee must approve any sale or donation of firearms to any person within or outside the Republic.

Transfer or Permanent Disposal of Assets and the Granting of Rights
1. Non-exempted capital assets shall be transferred or permanently disposed of strictly in accordance with Chapter 2 of the Municipal Asset Transfer Regulations.

2. Exempted capital assets shall be transferred strictly in accordance with Chapter 3 of the Municipal Asset Transfer Regulations.

3. The granting of rights (where sections 14 and 90 of the MFMA do not apply) by the Council shall be executed strictly in accordance with Chapter 4 of the Municipal Asset Transfer Regulations.

*Bidding process/SCM/Policies & Procedure/stores/Logistics management procedures*
THE FOLLOWING DOCUMENTS MUST BE READ IN CONJUNCTION WITH THE SUPPLY CHAIN MANAGEMENT POLICY:

- DIVISION OF LEGISLATIVE AND EXECUTIVE FUNCTIONS AND DELEGATIONS OF AUTHORITY (MARCH 2013)
- COUNCIL VEHICLE POLICY (2 DECEMBER 2003)
- VEHICLE REPLACEMENT POLICY (22 MARCH 2012)
- POLICY: PURCHASING OF VEHICLES TO BE DONE VIA THE MECHANICAL WORKSHOP – VEHICLE PROXY (31 MAY 2011)
- POLICY ON UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (23 JULY 2013)
- POLICY OF THE ACCEPTANCE OF GRANTS, GIFTS, DONATIONS AND SPONSORSHIPS (29 AUGUST 2013)
- SUPPLY CHAIN MANAGEMENT PROCESS TURN-AROUND TIME POLICY (30 JANUARY 2014)
- COMMODITY / SECTOR BASED PROCUREMENT POLICY (28 NOVEMBER 2013)
- ISSUING AND USE OF FUEL POLICY (2014)
- STORES MANAGEMENT POLICY (2014)