SUPPLY CHAIN MANAGEMENT POLICY

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1. DEFINITIONS

1.1. In this policy, unless the context indicates otherwise, the following definitions are applied –

a) **'Accounting Officer'** means the Municipal Manager for the Municipality within the meaning of Section 82 of the Municipal Structures Act, 1998 (Act No.117 of 1998);

b) **'Bid'** means a written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of services, works or goods. This replaces 'tender' used in previous policies;

c) **'Commonly circulated newspapers'** are newspapers that are deemed to be the most widely available for accredited suppliers, and may be used on a rotation basis (at the time of writing this policy these are: Mpumalanga News and The Lowvelder);

d) **'CFO'** means Chief Financial Officer;

e) **'Close family member'** (except in the context of paragraph 42 of this policy where the family members are defined) means: (i) a member of the same household (including someone residing on the premises), (ii) parent (including adoptive parent), (iii) parent-in-law, (iv) son (including adoptive son), (v) son-in-law, (vi) daughter (including adoptive daughter), (vii) daughter-in-law, (viii) step-parent, (ix) step-son, (x) step-daughter, (xi) brother, (xii) sister, (xiii) grandparent, (xiv) grandchild, (xv) uncle, (xvi) aunt, (xvii) nephew, (xviii) niece, (xix) the spouse or unmarried partner in any of (i)to (xii) above;

f) **'Competitive bidding process'** means a process referred to in paragraph 12.1 d) of this policy;

g) '**Competitive bid'** means a bid in terms of the competitive bidding process;

h) **'Contract'** means the agreement that results from the acceptance of a bid or quotation by the Municipality;

i) **'Finance Department**' means the 'Supply Chain, Treasury and Budget units.

j) **'Formal written price quotation'** means a quotation referred to in paragraph 12.1 c) of this policy;

k) **'In the service of the state'** means to be –

(i) a member of –

(a) any municipal council;

(b) any provincial legislature; or

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

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

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

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

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

(vi) an employee of Parliament or provincial legislature;

l) **'List of accredited prospective providers'** means the list of accredited prospective providers that the municipality must keep in terms of paragraph 14 of this policy;

m) **'Long-term contract'** means a contract with a duration period exceeding one year;

n) **'MFMA'** means the Municipal Finance Management Act (Act No. 56 of 2003);

o) **'Other applicable legislation'** means any other legislation applicable to municipal supply chain management policy, including –

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

(ii) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and

(iii) the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000);

p) **'Petty cash purchase'** means small amount of cash kept on hand for incidental purchases of low value goods and services (ie. postage, office suppliers, reimbursement for out of pocket expenditure) 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.

q) **'Manager: Supply Chain Management'** is the manager of the Supply Chain Management Unit within the Finance Department;

r) **'Senior Manager: Supply Chain Management'** is the head of the Supply Chain Management Unit within the Finance Department;

s) **'Quotation'** means a stated price that a supplier expects to receive for the provision of specified services, works or goods;

t) **'Relevant head of department'** means the head of the department for which the goods or services are being procured;

u) **'Senior Manager'** means any official reporting directly to the General Managers;

v) **'Supply Chain Management Officer'** is an official or other role player who is involved in supply chain management;

w) **'The regulations'** means the Local Government Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

x) **'Treasury guidelines'** means any guidelines on supply chain management issued by the Minister in terms of section 168 of the MFMA; and

y) **'Written or verbal quotations'** means quotations referred to in paragraph 12.1 b) of this policy.

CHAPTER 1

ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. SUPPLY CHAIN MANAGEMENT POLICY

2.1. All officials and other role players in the supply chain management system of the municipality must implement this policy in a way that -

a) Gives effect to section 217 of the Constitution;

b) part 1 of Chapter 11 and other provisions of the MFMA

ii) is fair, equitable, transparent, competitive and cost-effective;

iii) facilitates service delivery;

iv) applies the highest ethical standards;

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

vi) promotes local economic development;

vii) complies with the necessary regulatory frameworks for supply chain management;

viii) is consistent with other applicable legislation, including-

a) the Municipal Finance Management Act No. 56 of 2003;

b) the Preferential Procurement Policy Framework Act No. 5 of 2000; and

c) the Broad-Based Black Economic Empowerment Act No 53 of 2003; and

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

2.2. This policy applies when the municipality –

i) procures goods or services;

ii) disposes of goods no longer needed;

iii) 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

iv) 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.

2.3. Paragraphs 2.1 and 2.2 of this policy do not apply in the circumstances described in section 110 (2) of the MFMA except where specifically provided otherwise in this policy.

3. ADOPTION AND AMENDMENT OF THE SUPPLY CHAIN MANAGEMENT POLICY

3.1. The accounting officer must –

i) at least annually review the implementation of this policy; and

ii) when the accounting officer considers it necessary, submit proposals for the amendment of this policy to council.

3.2. If the accounting officer submits a draft policy or proposed amendments to the council that differs from the model policy issued by the National Treasury, the accounting officer must –

i) ensure that such draft policy or proposed amendment complies with the Regulations.

ii) report any deviation from the model policy to the National Treasury and the Mpumalanga provincial treasury.

3.3. 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

4.1. The council hereby delegates such additional powers and duties to the accounting officer so as to enable the accounting officer –

i) to discharge the supply chain management responsibilities conferred on him in terms of –

a) chapter 8 of the MFMA; and

b) the supply chain management policy;

ii) to maximise administrative and operational efficiency in the implementation of the supply chain management policy;

iii) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of the supply chain management policy; and

iv) to comply with his responsibilities in terms of section 115 and other applicable provisions of the MFMA.

4.2. Sections 79 and 106 of the MFMA apply to the sub-delegation of powers and duties delegated to an accounting officer in terms of paragraph 4.1 of this policy.

4.3. The accounting officer may not delegate or sub-delegate any supply chain management powers or duties to a person who is not an official of the municipality or to a committee that is not exclusively comprised of officials of the municipality;

4.4. This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 23 of this policy.

4.5. This policy sets out the delegations to be applied in accordance with this paragraph. Any changes will be reported to council by the accounting officer.

5. SUB-DELEGATIONS

5.1. The accounting officer may in terms of section 79 or 106 of the MFMA 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 paragraph 5.2 and paragraph 4 of this policy.

5.2. The power to make a final award –

i) above R10 million (VAT included) may not be sub-delegated by the accounting officer;

ii) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated but only to –

a) the chief financial officer;

b) a senior manager; or

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

iii) not exceeding R2 million (VAT included) may be sub-delegated but only to –

a) the chief financial officer;

b) a senior manager;

c) a manager directly accountable to the chief financial officer or a senior manager; or

d) a bid adjudication committee.

5.3. An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with paragraph 5.2 of this policy must within five days of the end of each month submit to the official referred to in paragraph 5.4 of this policy a written report containing particulars of each final award made by such official or committee during that month, including –

i) the amount of the award;

ii) the name of the person to whom the award was made; and

iii) the reason why the award was made to that person.

5.4. A written report referred to in paragraph 5.3 of this policy must be submitted –

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

a) the chief financial officer;

b) a senior manager; or

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

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

a) a manager referred to in subparagraph 5.2(c)iii of this policy; or

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

5.5. Paragraphs 5.3 and 5.4 do not apply to procurements out of petty cash.

5.6. 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 23 of this policy.

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

5.8. This policy sets out the sub-delegations to be applied in accordance with this paragraph. Any changes will be reported to council by the accounting officer.

6. OVERSIGHT ROLE OF COUNCIL

6.1. The council reserves its right to maintain oversight over the implementation of this supply chain management policy.

6.2. For the purposes of such oversight the accounting officer must –

i) within 30 days of the end of each financial year, submit a report on the implementation of the supply chain management policy of the municipality and of any municipal entity under its sole or shared control, to the council of the municipality; and

ii) whenever there are serious and material problems in the implementation of the supply chain management policy, immediately submit a report to the council.

6.3. 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.

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

7. ESTABLISHMENT OF A SUPPLY CHAIN MANAGEMENT UNIT

7.1. A supply chain management unit is hereby established to implement this policy.

7.2. The supply chain management unit must, where possible, operate 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 MFMA.

7.3. The direct supervision of the supply chain management unit is delegated to the Senior Manager: Supply Chain Management.

8. TRAINING OF SUPPLY CHAIN MANAGEMENT OFFICIALS

8.1. The training of officials involved in implementing this policy should be in accordance with any Treasury guidelines on supply chain management training.

CHAPTER 2

FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT

9. FORMAT OF SUPPLY CHAIN MANAGEMENT

9.1. This policy provides systems for –

i) demand management;

ii) acquisition management;

iii) logistics management;

iv) disposal management;

v) risk management; and

vi) performance management

Part 1: Demand management

10. SYSTEM OF DEMAND MANAGEMENT

10.1. The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational

commitments and its strategic goals outlined in the Integrated Development Plan.

10.2. The demand management system must –

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

ii) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature;

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

iv) to undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximised.

v) Allow for processes to put measures in place for the identification of goods, services and/works that may require a competitive bidding process for awards to be made for short-term contract periods that do not exceed a period of three years.

Part 2: Acquisition management

11. SYSTEM OF ACQUISITION MANAGEMENT

11.1. The accounting officer must implement the system of acquisition management set out in this part in order to ensure –

i) that goods and services are procured by the municipality in accordance with authorised processes only;

ii) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the MFMA;

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

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

v) that any Treasury guidelines on acquisition management are properly taken into account.

11.2. When procuring goods or services contemplated in section 110 (2) of the MFMA, the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including:

i) the kind of goods or services; and

ii) the name of the supplier.

12. RANGE OF PROCUREMENT PROCESSES

12.1. Goods and services may only be procured by way of -

i) petty cash purchases, up to a transaction value of R2 000 (VAT included);

ii) written or verbal quotations for procurements of a transaction value over R2 000 up to R10 000 (VAT included);

iii) formal written price quotations for procurements of a transaction value over R10 000 up to R200 000 (VAT included); and

iv) a competitive bidding process for –

a) all procurements above a transaction value of R200 000 (VAT included); and

b) the procurement of long-term contracts that are greater than a year.

12.2. The accounting officer may, in writing –

i) lower, but not increase, the different threshold values specified in subparagraph 12.1; or

ii) direct that –

a) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000;

b) formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000; or

c) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.

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

13. GENERAL PRECONDITIONS FOR CONSIDERATION OF WRITTEN QUOTATIONS OR BIDS

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

i) has furnished the municipality with that provider's –

a) full name;

b) identification number or company or other registration number; and

c) tax reference number, VAT registration number if any;

ii) SARS has certified that the bidder's tax matters are in order in the form of a valid tax clearance certificate.

iii) has indicated –

a) 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;

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

c) 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.

14. LIST OF ACCREDITED PROSPECTIVE PROVIDERS

14.1. The accounting officer must ensure that the municipality conduct business with suppliers that are listed and accredited on the National Treasury Central Suppliers Database.

14.2. The following documents will remain the responsibility of the municipality to obtain and verify irrespective of the suppliers being listed and accredited on the National Treasury Central Suppliers Database:

(a) BBBEE status level.

(b) Construction Industry Development Board (CIDB) grading.

(c) Declaration of interest on the MBD4 form of the members or directors of the service provider.

(d) Any other documentation that may be deemed mandatory and cannot be validated and verified on the Central Supplier Database.

15. PETTY CASH PURCHASES

15.1. The conditions for the procurement of goods by means of petty cash purchases referred to in subparagraph 12.1 a) of this policy, which must include also conditions stipulated on the petty cash policy of the municipality –

15.2. Petty cash purchases up to R2000 (including vat)

i) Petty cash can only be obtained through the municipality's approved procurement procedure; and

ii) Monthly reconciliation reports from the Deputy Manager: Budget and Treasury must be provided to the chief financial officer, including –

a) the total amount of petty cash purchases for that month; and

b) receipts and appropriate documents for each purchase.

15.3. Sundry purchases up to R2000 (including vat)

All orders must be placed after obtaining at least one verbal or written quotation from recognised suppliers of the product/service. This verbal quote should not need to be confirmed in writing by the supplier.

16. WRITTEN OR VERBAL QUOTATIONS

16.1. The conditions for the procurement of goods or services through written or verbal quotations are as follows –

i) quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the National Treasury's Central Supplier Database.

ii) to the extent feasible, providers must be requested to submit quotations in writing;

iii) 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 delegated by the accounting officer;

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

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

17. FORMAL WRITTEN PRICE QUOTATIONS

17.1. The conditions for the procurement of goods or services through formal written price quotations are as follows –

i) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the National Treasury's Central

Supplier Database;

ii) 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

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

17.2. A designated official referred to in subparagraph 16.2 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. PROCEDURE FOR THE PROCUREMENT OF GOODS OR SERVICES THROUGH WRITTEN OR VERBAL QUOTATIONS AND FORMAL WRITTEN PRICE QUOTATIONS

18.1. The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations is as follows –

i) when using the list of accredited providers the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;

ii) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of section 17, be advertised for at least seven days on the website and an official notice board of the municipality;

iii) offers received must be evaluated on a comparative basis taking into account unconditional discounts;

iv) 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;

v) acceptable offers of procurement above the R30 000 (VAT included) threshold that are subject to the preference points system (PPPFA and associated regulations) must be awarded to the bidder who scored the highest points; and

vi) The Supply Chain Management must keep proper records.

19. COMPETITIVE BIDDING PROCESS

19.1. Goods or services above a transaction value of R200 000 (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 (VAT included) may deliberately be split into parts or items of a lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

19.3. The council charges a non-refundable deposit for provision of bid documents. This charge is in accordance with the nature of the bid.

20. PROCESS FOR COMPETITIVE BIDDING

20.1 The accounting officer must establish procedures for a competitive bidding process for each of the following stages:

a) the compilation of bidding documentation;

b) the public invitation of bids;

c) site meetings or briefing sessions, if applicable;

d) the handling of bids submitted in response to public invitation;

e) the evaluation of bids;

f) the award of contracts;

g) the administration of contracts; and

h) proper record keeping.

21. BID DOCUMENTATION FOR COMPETITIVE BIDS

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

i) take into account –

a) the general conditions of contract and any special conditions of contract, if specified;

b) any Treasury guidelines on bid documentation; and

c) the requirements of the Construction Industry Development Board as approved by the National Treasury, in the case of any bids relating to construction, upgrading or refurbishment of buildings or infrastructure;

ii) include the preference points system to be used, goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;

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

iv) if the value of the transaction is expected to exceed R10 million (VAT included), a requirement to furnish –

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

i) for the past three years; or

ii) since their establishment if established during the past three years

b) 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;

c) 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;

d) 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 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.

v) The Chief Financial Officer has delegated responsibility to ensure compliance with paragraph 18.1. and will do so in consultation with the officials from the relevant department for whom goods or services are being procured.

22. PUBLIC INVITATION FOR COMPETITIVE BIDS

22.1. The procedure for the invitation of competitive bids is as follows -

i) Any invitation to prospective providers to submit bids must be by means of a public advertisement in the web based National Treasury's e-Tender Publication Portal (http://www.etenders.gov.za/), the website of the municipality, i-Tender website of CIDB for services and works that require a CIDB grading or any other appropriate ways; and

ii) The information contained in a public advertisement must include –

a) the closure date for submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long-term nature, or

14 days in any other case, from the date on which the advertisement is placed in the National Treasury's e-Tender Publication Portal (http://www.etenders.gov.za/).

b) a statement that bids may only be submitted on the bid documentation provided by the municipality; and

c) date, time and venue of any proposed site meetings or briefing sessions.

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 (as appropriate), 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;

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

22.5. Pre-qualification criteria for preferential procurement

22.5.1. If the municipality decides to apply pre-qualifying criteria to advance certain designated groups, the municipality must advertise the tender with a specific tendering condition that only one or more of the following tenderers may respond-

a) a tenderer having a stipulated minimum B-BBEE status level of contributor;

b) an EME or QSE;

c) a tenderer subcontracting a minimum of 30% to-

i) an EME or QSE which is at least 51% owned by black people;

ii) an EME or QSE which is at least 51% owned by black people who are youth;
an EME or QSE which is at least 51% owned by black people who are women;

iii) an EME or QSE which is at least 51% owned by black people with disabilities;

iv) an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;

v) a cooperative which is at least 51% owned by black people;

vi) an EME or QSE which is at least 51% owned by black people who are military veterans;

vii) an EME or QSE.

22.5.2. A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is

an unacceptable tender.

22.5.3. Tenders to be evaluated on functionality

a) The municipality must state in the tender documents if the tender must be evaluated on functionality.

b). The evaluation criteria for measuring functionality must be objective.

22.5.4. The tender documents must specify –

a) the evaluation criteria for measuring functionality;

b) the points for each criteria and, if any, each sub-criterion;

c) the minimum qualifying score for functionality.

22.5.5. The minimum qualifying score for functionality for a tender to be considered further-

a) must be determined separately for each tender; and

b) may not be so-

i) low that it may jeopardise the quality of the required goods or services; or

ii) high that it is unreasonably restrictive.

22.5.6. Points scored for functionality must be rounded off to the nearest two decimal places.

22.5.7. A tender that fails to obtain the minimum qualifying score for functionality as indicated in the tender documents is not an acceptable tender.

22.5.8. Each tender that obtained the minimum qualifying score for functionality must be evaluated further in terms of price and the preference point system and any other objective criteria envisaged in regulation 11 of the Preferential Procurement Regulations.

22.5.9. The 80/20 preference point system for acquisition of goods or services for Rand value equal to or above R30 000 and up to R50 million must be used, inclusive of all applicable taxes.

22.5.10.The 90/10 preference point system for acquisition of goods or services for Rand value above R50 million must be used, inclusive of all applicable taxes.

22.5.11. Local production and content –

225.11.1 The Department of Trade and Industry may, in consultation with the National Treasury-

a) designate a sector, sub-sector or industry or product in accordance w

with national development and industrial policies for local production and content, where only locally produced services or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content, taking into account economic and other relevant factors; and

b) stipulate a minimum threshold for local production and content.

22.5.12. The municipality must, in the case of a designated sector, advertise the invitation to tender with a specific condition that only locally produced goods or locally manufactured goods, meeting the stipulated minimum threshold for local production and content, will be considered.

22.5.13. Subcontracting as condition of tender

a) If feasible to subcontract for a contract above R30 million, an organ of state must apply subcontracting to advance designated groups.

b) If the municipality applies subcontracting –

i. the municipality must advertise the tender with a specific tendering condition that the successful tenderer must subcontract a minimum of 30% of the value of the contract to –

a) an EME or QSE;

b) an EME or QSE which is at least 51% owned by black people;

c) an EME or QSE which is at least 51% owned by black people who are youth;

d) an EME or QSE which is at least 51% owned by black people who are women;

e) an EME or QSE which is at least 51% owned by black people with disabilities;

f) an EME or QSE which is 51% owned by black people living in rural underdeveloped areas or townships;

g) a cooperative which is at least 51% owned by black people; (h) an EME or QSE which is at least 51% owned by black people who are military veterans; or

h) more than one of the categories referred to in paragraphs **a)** to **h)**.

22.5.14. The municipality must make available the list of all suppliers registered on the the National Treasury's Central Supplier Database (CSD) to provide the required g goods or services in respect of the applicable designated groups from which the

tenderer must select a supplier.

22.5.15. If an organ of state intends to apply objective criteria in terms of section 2(1)(f) of the Preferential Procurement Policy Framework Act, the organ of state must stipulate the objective criteria in the tender documents.

22.5.16. Cancellation of tender –

a) The municipality may, before the award of a tender, cancel a tender invitation if –

i. due to changed circumstances, there is no longer a need for the goods or services specified in the invitation;

ii. funds are no longer available to cover the total envisaged e expenditure;

iii. no acceptable tender is received; or

iv. there is a material irregularity in the tender process.

23. PROCEDURE FOR HANDLING, OPENING AND RECORDING OF BIDS

23.1. The procedures for the handling, opening and recording of bids is as follows -

a) Bids –

i) must be opened only in public;

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

b) Any bids received after the closing time should not be considered and returned unopened immediately.

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

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

23.2. The accounting officer must –

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

b) make the register available for public inspection; and

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

24. NEGOTIATIONS WITH PREFERRED BIDDERS

24.1. 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 –

i) does not allow any preferred bidder a second or unfair opportunity;

ii) is not to the detriment of any other bidder; and

iii) does not lead to a higher price than the bid submitted.

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

25. TWO-STAGE BIDDING PROCESS

25.1. A two-stage bidding process is allowed for –

i) large complex projects;

ii) projects where it may be undesirable to prepare complete detailed technical specifications; or

iii) long-term projects with a duration period exceeding three years.

25.2. In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical and commercial clarifications and adjustments.

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

26. COMMITTEE SYSTEM FOR COMPETITIVE BIDS

26.1. A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:

i) a bid specification committee;

ii) a bid evaluation committee; and

iii) a bid adjudication committee;

26.2. The accounting officer appoints the members of each committee, taking into account section 117 of the MFMA.

26.3. A neutral or independent observer appointed by the accounting officer must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.

26.4. The committee system must be consistent with –

i) paragraphs 24, 25 and 26 of this policy; and

ii) any other applicable legislation.

26.5. The accounting officer may apply the committee system to formal written price quotations.

27. BID SPECIFICATION COMMITTEE

27.1. A bid specification committee must compile the specifications for all procurement of goods or services by the municipality.

27.2. Specifications –

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

ii) 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;

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

iv) 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;

v) 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';

vi) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and

vii) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 19 of this policy.

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

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

28. BID EVALUATION COMMITTEE

28.1. A bid evaluation committee must –

i) evaluate bids in accordance with –

a) the specifications for a specific procurement; and

b) the points system set out in terms of paragraph 24.2 f).

ii) evaluate each bidder's ability to execute the contract;

iii) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears; and

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

28.2. A bid evaluation committee must as far as possible be composed of –

i) officials from departments requiring the goods or services; and

ii) at least one supply chain management practitioner of the municipality.

29. BID ADJUDICATION COMMITTEE

29.1. A bid adjudication committee must –

i) consider the report and recommendations of the bid evaluation committee; and

ii) either –

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

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

29.2. A bid adjudication committee must consist of at least four senior managers of the municipality, which must include –

i) the chief financial officer or, if the chief financial officer is not available, another senior manager in the finance department reporting directly to the chief financial officer and designated by the chief financial officer; and

ii) at least one senior supply chain management practitioner who is an official of the municipality; and

iii) a technical expert in the relevant field who is an official, if such an expert exists.

iv) An official from the local municipality may be allowed to attend the Bid Adjudication Committee but only as an observer wherein an item pertaining to that local municipality shared service, is to be awarded.

29.3. The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

29.4. 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.

29.5. 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.

29.6. The accounting officer may –

i) after due consideration the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph 26.5; 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.

29.7. The accounting officer may, at any stage of a bidding process, refer any recommendation back to that committee for reconsideration of the recommendation.

29.8. The accounting officer must comply with section 114 of the MFMA (relating to approval of tenders not recommended) within 10 working days.

30. PROCUREMENT OF BANKING SERVICES

30.1. A contract for banking services –

i) must be procured through competitive bids;

ii) must be consistent with section 7 or 85 of the MFMA; and

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

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

30.3. 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 19.1.

30.4. 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

31.1. 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.

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

31.3. The accounting officer must notify SITA together with a motivation of the IT needs if –

i) a transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or

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

31.4. If SITA comments on the submission and the municipality disagree 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 Mpumalanga provincial treasury and the Auditor General.

32. PROCUREMENT OF GOODS AND SERVICES UNDER CONTRACTS SECURED BY OTHER ORGANS OF STATE

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

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

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

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

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

32.2. Subparagraphs 29.1 c) and d) do not apply if the municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

32.2.1. Principles underpinning the implementation of regulation 32

a) Before a municipality or municipal entity decides to become a participant in a contract secured by another organ of state, it must, as part of demand management, conduct a detailed analysis of the goods or services required.

b) When procuring infrastructure, the municipality or municipal entity must also compare its topography or other features, to that of the other organ of state in order

to ensure that the service provider will be able to deliver at an acceptable standard.

32.2.2. The contract must have been secured by means of a competitive bidding process applicable to that other organ of state and the municipality or entity has no reason to believe that such contract was not validly procured.

a) If the municipality or municipal entity that if intends to use a contract secured by another organ of state, the municipality must verify and satisfy itself that the contract was procured through a procurement process that was fair, equitable, transparent, competitive and cost effective consistent with the public sector procurement principles set out in section 217 of the Constitution.

b) The bid adjudication committee and the internal audit unit of the municipality or the municipal entity that is requesting to procure under the contract secured by the other organ of state must review the obtained documentation from the organ of state, to certify that a competitive bidding process and due process was followed by the other organ of state in concluding the contract.

c) The municipality or municipal entity must maintain confidentiality when processing all documentation, as may be appropriate.

32.2.3 There must be demonstrable discounts or benefits for the municipality or entity to procure goods or services under a contract procured by another organ of state.

a) The municipality or municipal entity must assess the contract terms such as, unit of issue or type of service; delivery lead times and prices; length of contract in line with required goods or service; and undertake a comparative research to determine if this form of procurement is more advantageous than advertising a competitive bid.

b) The assessment must include the determination of a reasonable price for the required goods or services; taking into consideration that the requesting municipality or municipal entity can only utilise the remaining portion of the contract that has not been utilised by the original contracting organ of state and not create an additional contract.

c) The value or price of the participating municipality or municipal entity's required goods or services must not exceed the value or price of the original contract.

d) The decision to participate must be informed by a detailed report that outlines the

outcome of the above-mentioned assessment, confirming the legal status of the contract with the other organ of state, reasons for why the municipality or municipal entity could not arrange its own contract through a competitive bidding process; and set out the value the participation will bring to the participating municipality or municipal entity.

e) The detailed report mentioned above must be submitted to the participating municipality or municipal entity's bid adjudication committee for its consideration and recommendation to the accounting officer or delegated official, in terms of the municipality or municipal entity's delegation policy.

f) Prior to the recommendation of the bid adjudication committee being submitted to the accounting officer or delegated official, it must be submitted to its internal audit unit to provide further assurance that the requirements as outlined in regulation 32 have been complied with, and thereafter submitted to the accounting officer or delegated official for his/her consideration and final approval of the participation.

32.2.4. The other organ of state and the service provider have consented to such procurement in writing

a) The accounting officer requesting to participate must first obtain written consent from the other organ of state as well as confirmation of the supplier's contractual performance.

b) If the accounting officer requesting for participation has obtained consent to procure under the contract and confirmation of the supplier's performance from the other organ of state; and has performed all internal due diligence checks, including ensuring compliance with the salient points listed below, may the accounting officer solicit the service provider's written consent.

c) Failure to obtain this written consent by the accounting officer requesting to procure under the contract secured by another organ of state will be construed as non-compliance with the regulations and associated expenditure being irregular expenditure.

32.3. SALIENT REQUIREMENTS APPLICABLE TO REGULATION 32

32.3.1. Over and above the requirements stated in Regulation 32, there are also other salient requirements which must be considered by the participating municipality or municipal entity as well as the organ of state that is approving the procurement under its contract such as the following:

32.3.1.1. The contract must be valid

a) The municipality or municipal entity will not enter into a new contract with the service provider/s but will become a participant in an existing contract.

b) The contract must therefore not have expired, or its validity modified to accommodate the procurement from the contract, and must be legally sound as proven in the motivated report mentioned above.

c) The participating municipality or municipal entity will conclude an addendum to the agreement with the service provider/s that stipulates the duration of the participation agreement, which may not exceed the end date of the original contract.

32.3.1.2.The duration or variation of the contract

a) The municipality or municipal entity must confirm the duration of the contract between the service provider/s and the other organ of state and determine the remaining term of the contract.

b) On confirmation of the duration of the contract, the municipality or municipal entity must assess whether the remaining period will be sufficient for the service provider/s to deliver on its requirements.

c) The participating municipality or municipal entity will only be permitted to utilise the contract of the other organ of state for the balance of the remaining period of the contract.

d) The contract cannot be extended or varied by the participating municipality or municipal entity, and can only be extended by the original contracting parties in line with the contractual terms agreed to in the original contract.

e) Should the contract between the original contracting parties be terminated for any reason before the contract end date, then that termination applies to the municipality or municipal entity participating on the contract as well.

f) The accounting officer consenting to the participation on the contract must therefore inform the participating accounting officer of any contract amendments or variations made to the contract, in writing.

32.3.1.3 The goods or services must be the same and the quantity may not be increased

a) The municipality or municipal entity must assess whether the goods or services being provided to the other organ of state are similar to the goods or services required by the municipality or municipal entity.

b) The goods or services required by the participating municipality or municipal entity must be exactly the same as advertised and adjudicated by the other organ of state and may not be increased from the originally contracted quantity.

c) The participating municipality or municipal entity will procure the required goods or services under the same scope or specification, terms and conditions as provided for in the original contract.

32.3.1.4. CONTRACTUAL ARRANGEMENTS

a) The shared contract must have the same dispute resolution mechanism to settle contractual disputes, a combined periodic contract management performance review to appraise the shared contract, and to regularly report to the council of the participating municipality or the board of directors of the municipal entity, as may be appropriate, on the management of the contract, service level agreement and the performance of the shared contractor/s.

b) The exercising of contractual rights, obligations or remedies in terms of the contract must be exclusively dealt with in terms of the dispute resolution mechanism as stipulated in the original contract.

c) Each contractual party must uphold their legal obligations to the contract.

32.3.1.5. Panel of consultants/list of approved service providers and framework agreements

a) Municipalities and municipal entities must not participate on a panel secured by another organ of state as a panel of consultants or a list of service providers or a panel of approved service providers is not a contract.

b) Municipalities or municipal entities may only participate on framework agreements arranged by organs of state, such State Information Technology Agency (SITA), the relevant treasury; that are empowered by legislation to arrange such on behalf of other organs of state.

33. PROCUREMENT OF GOODS NECESSITATING SPECIAL SAFETY ARRANGEMENTS

a) The acquisition and storage of goods in bulk (other than water) that necessitates special safety arrangements, including gasses and fuel, should be avoided wherever possible.

b) 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

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

i) Firstly – suppliers and businesses within the municipality or district;

ii) Secondly – suppliers and businesses within the relevant province; and

iii) Thirdly – suppliers and businesses within the Republic of South Africa.

35. APPOINTMENT OF CONSULTANTS

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

b) Consultancy services must be procured through competitive bids if –

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

ii) the duration period of the contract exceeds one year.

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

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

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

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

36. DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF, PROCUREMENT PROCESSES

36.1. 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;

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 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.

36.2. The accounting officer must record the reasons for any deviations in terms of subparagraphs 33.1 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.

36.3. Subparagraph 33.2 does not apply to the procurement of goods and services contemplated

in subparagraph 11.2 of this policy.

37. UNSOLICITED BIDS

37.1. In accordance with section 113(2) of the MFMA there is no obligation to consider unsolicited bids received outside a normal bidding process.

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

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

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

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

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

37.3. If the accounting officer decides to consider an unsolicited bid that complies with subparagraph 37.2 of this policy then that decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –

i) the reasons why the bid should not be open to other competitors;

ii) an explanation of the potential benefits for the municipality were it to accept the unsolicited bid; and

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

37.4. The accounting officer must submit all written comments received pursuant to paragraph 37.3, including any responses from the unsolicited bidder, to the National Treasury and the Mpumalanga Provincial Treasury for comment.

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

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

37.8. When considering the matter, the bid 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.

37.9. 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 Mpumalanga provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.

37.10. Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

38. COMBATING OF ABUSE OF SUPPLY CHAIN MANAGEMENT POLICY

38.1. 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 the supply chain management 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 of any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector.

d) Reject any bid from a bidder –

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

ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;

ii) 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;

e) 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

f) Reject the bid of any bidder if that bidder, or any of its directors –

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

ii) has been convicted of fraud or corruption during the past five years, or

iv) has wilfully neglected or failed to comply with any public sector contract during the past five years, or

v) 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)

g) The accounting officer must inform the National Treasury and the Mpumalanga Provincial Treasury in writing of any actions taken as a result of 38.1 b) ii, e) or f) of this policy.

6.2. Management of expansion or variation of orders against the original contract

(a) Existing contracts may be expanded or varied by not more than 20% for construction related goods, services and/or infrastructure projects and 15% for all other goods and/or services of the original value of the contract,

(b) Any expansion or variation in excess of these thresholds must be dealt with in terms of the provisions of section 116(3) of the MFMA which will be regarded as an amendment to the contract.

Part 3: Logistics, Disposal, Risk and Performance Management

39. LOGISTICS MANAGEMENT

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

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

b) the setting of inventory levels that includes minimum and maximum levels and lead times

wherever goods are placed in stock;

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

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

e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;

g) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and

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

40. DISPOSAL MANAGEMENT

40.1. The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the MFMA, must be consistent with any Treasury guidelines and other council policies and strategies.

40.2. Assets may be disposed of by –

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

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

c) selling the asset;

d) destroying the asset; or

e) donating the asset

40.3. The accounting officer must ensure that –

a) immovable property may be sold only at market-related prices except when the public interest or the plight of the poor demands otherwise;

b) movable assets may be sold either by way of written price quotations, a competitive bidding process, auction or at market-related prices, whichever is the most

advantageous;

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

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

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

f) 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

40.4. The accounting officer or his delegate will determine the most appropriate disposal method, taking account of the provisions of paragraph 37.1.

41. MANAGEMENT

41.1. The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system must be consistent with any Treasury guidelines and other council policies and strategies.

42.2. 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

42.1. The accounting officer must establish an effective internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes are followed and the desired objectives are achieved.

Part 4: Other matters

43. PROHIBITION ON AWARDS TO PERSONS WHOSE TAX MATTERS ARE NOT IN ORDER

43.1. No award above R15 000.00 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 by means of a valid SARS PIN.

43.2. Where the recommended bidder is not tax compliant, the bidder should be notified of their non-compliant status and the bidder must be requested to submit to the municipality, within 7 working days, written proof from SARS of their tax compliance status or proof from SARS that they have made an arrangement to meet their outstanding tax obligations.

43.3. The proof of tax compliance status submitted by the bidder to the municipality or municipal entity must be verified via the CSD and SARS e-Filing.

43.4. The accounting officer should reject a bid submitted by the bidder if such a bidder fails to provide proof of tax compliance status within the timeframe stated above.

44. PROHIBITION ON AWARDS TO PERSONS IN THE SERVICE OF THE STATE

44.1. 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) who is an advisor or consultant contracted with the municipality.

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

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

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

46.1. A code of ethical standards as set out in the National Treasury's 'Code of conduct for supply chain management practitioners and other role players involved in supply chain management' (attached as Appendix A to this policy) is hereby established for officials and other role players in the supply chain management system of the municipality in order to promote –

a) mutual trust and respect; and

b) an environment where business can be conducted with integrity and in a fair and reasonable manner.

46.2. 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 municipality envisaged in section 67(1)(h) of the Municipal Systems Act;

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

46.3. In all cases, financial misconduct must be dealt with in terms of chapter 15 of the MFMA.

47. INDUCEMENT, REWARDS, GIFTS AND FAVOURS TO MUNICIPALITIES, OFFICIALS AND OTHER ROLE PLAYERS

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

a) any inducement or reward to the municipality for, or in connection with, the award of a contract; or

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

i) any official; or

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

47.2. The accounting officer must promptly report any alleged contravention of subparagraph 47.1 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.

47.3 Subparagraph 47.1 does not apply to gifts less than R350 in value.

48. SPONSORSHIPS

48.1. The accounting officer must promptly disclose to the National Treasury and the Mpumalanga 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

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

50. RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUIRIES

50.1. The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes –

a) to assist in the resolution of disputes between the municipality and other persons regarding –

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

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

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

50.2. 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.

50.3. 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.

50.3. A dispute, objection, complaint or query may be referred to the Mpumalanga provincial treasury if –

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

ii) no response is forthcoming within 60 days.

50.4. 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.

50.5. 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

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

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

b) that such compensation must be performance based.

7. COMMENCEMENT

7.2. This policy takes effect on the date of approval by Council.

APPENDIX A

THE NATIONAL TREASURY

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

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

1. General Principles

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

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

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

2. Conflict of interest

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

(a) must treat all providers and potential providers equitably;
(b) may not use his or her position for private gain or to improperly benefit another person;
(c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
(d) must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;

(e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by the municipality ;
(f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
(g) must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;
(h) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and
(i) should not take improper advantage of their previous office after leaving their official position.

3. Accountability

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

3.2. Practitioners should use public property scrupulously.

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

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

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

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

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

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

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

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

4. Openness

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

5. Confidentiality

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

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

6. Bid Evaluation / Adjudication Committees

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

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

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

6.4 No person should-

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

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

7. Combative Practices

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

(i) Suggestions to fictitious lower quotations;

(ii) Reference to non-existent competition;

(iii) Exploiting errors in price quotations or bids;

(iv) Soliciting price quotation or bids from bidders whose names appear on the Register for Tender Defaulters.

APPENDIX B

EXTRACTS FROM LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT NO. 56 0F 2003 (MFMA)

SECTION 14: DISPOSAL OF CAPITAL ASSETS

1) A municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal services.
2) A municipality may transfer ownership or otherwise dispose of a capital asset other than one contemplated in subsection 1), but only after the municipal council, in meeting open to the public-
   a) has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and
   b) has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.
3) A decision by a municipal council that a specific capital asset is not needed to provide the minimum level of basic municipal services, may not be reversed by the municipality after that asset has been sold, transferred or otherwise disposed of.
4) A municipal council may delegate to the accounting officer of the municipality its power to make the determinations referred to in subsection 2) a) and b) in respect of moveable capital assets below a value determined by the council.
5) Any transfer of ownership of a capital asset in terms of subsection 2) or 4) must be fair, equitable, transparent, competitive and consistent with the supply chain management policy which the municipality must have and maintain in terms of section 111.

SECTION 19: CAPITAL PROJECTS

1) A municipality may spend money on a capital project only if-
   a) the money for the project, excluding the cost of feasibility studies conducted by and behalf of the municipality, has been appropriated in the capital budget referred to in section 17 (2);
   b) the project, including the total cost, has been approved by council

c) section 33 has been complied with, to the extent that section may be applicable to the project; and

d) the sources of funding have been considered, are available and have not been committed for other purposes.

2) Before approving a capital project in terms of subsection 1) b), the council of a municipality must consider-

a) the projected cost covering all financial years until the project is operational; and

b) the future operational costs and revenue on the project, including municipal tax and tariff implications.

A municipal council may in terms of subsection 1) b) approve capital projects below a prescribed value either individually or as part of a consolidated capital programme.

SECTION 33: CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

1) A municipality may enter into a contract which will impose financial obligations on the municipality beyond a financial year, but if the contract will impose financial obligations on the municipality beyond the three years covered in the annual budget for that financial year, it may do so only if-

a) the municipal manager, at least 60 days before the meeting of the municipal council at which the contract is to be approved-

i) has in accordance with section 21A of the Municipal Systems Act –

(aa) Made public the draft contract and an information statement summarising the municipality's obligations in terms of the proposed contract; and

(bb) Invited the local community and other interested persons to submit to the municipality comments or representations in respect of the proposed contract; and

ii) has solicited the views and recommendations of-

(aa) the National Treasury and the relevant provincial treasury

(bb) the national department responsible for local government; and

(cc) if the contract involves the provision of water, sanitation, electricity, or any other service as may be prescribed, the responsible national department;

b) the municipal council has taken into account-

i) the municipality's projected financial obligations in terms of the proposed contract for each financial year covered by the contract;

ii) the impact of those financial obligations on the municipality's future municipal tariffs and

revenue;

iii) any comments or representations on the proposed contracts received from the local community and other interested persons

iv) any written views and recommendations on the proposed contract by National Treasury, the relevant provincial treasury, the national department responsible for local government and any national department referred to in paragraph (a) (ii) (cc); and

c) the municipal council has adopted a resolution in which-

i) it determines that the municipality will secure a significant capital investment or will derive a significant financial economic of financial benefit from the contract;

ii) it approves the entire contract exactly as it is to be executed; and it authorises the municipal manager to sign the contract on behalf of the municipality.

2) The process set out in subsection 1) does not apply to-

a) contracts for long-term debt regulated in terms of section 46 (3);

b) employment contracts; or

c) contracts-

i) for categories of goods as may be prescribed; or

ii) in terms of which the financial obligation on the municipality is below-

(aa) a prescribed value; or

(bb) a prescribed percentage or the municipality's approved budget for the year in which the contract is concluded

3) (a) All contracts referred to in subsection 1) and all other contracts that impose a financial obligation on the municipality-

i) must be made available in their entirety to the municipal council: and

ii) may not be withheld from public scrutiny except as provided for in terms of the Promotion of Access of Information Act 2000 (Act No. 2 of 2000).

(b) Paragraph (a) i) does not apply to contracts in respect of which the financial obligation on the municipality is below a prescribed value.

4) This section may not be read as exempting the municipality from the provisions of Chapter 11 to the extent that those provisions are applicable in a particular case.

SECTION 110: APPLICATION OF THIS PART

Chapter 11 Part 1, which deals with supply chain management, applies to-

a) the procurement by a municipality or municipal entity of goods and services;
b) the disposal by a municipality or municipal entity of goods no longer needed;
c) the selection of contractors to provide assistance in the provision of municipal services otherwise than in the circumstances envisaged in Chapter 8 of the Municipal Systems Act; and
d) the selection of external mechanisms as referred in Section 80 of the Municipal Systems Act for the provision of municipal services in the circumstances contemplated in section 83 of that Act.

Except where specified, this part of the Act does not apply if a municipality contracts with another organ of state for:

a) the provision of goods and services to the municipality;
b) the provision of a municipal service or assistance in the provision of a municipal service; and
c) the procurement of goods and services under a contract secured by such other organ of state, provided that the relevant supplier has agreed to such procurement.

SECTION 111: SUPPLY CHAIN MANAGEMENT POLICY

Each municipality and municipal entity must have and implement a supply chain management policy which gives effect to the provisions of this part of the present Act.

SECTION 112: SUPPLY CHAIN MANAGEMENT POLICY TO COMPLY WITH PRESCRIBED FRAMEWORK

The supply chain management policy of a municipality or municipal entity must be fair, equitable, transparent, competitive and cost-effective and comply with a prescribed regulatory framework for municipal supply chain management, which must cover at least the following:

a) the range of supply chain management processes that municipalities and municipal entities may use, including tenders, quotations, auctions and other types or competitive bidding;

b) when a municipality or municipal entity may or must use a particular type of process;

c) procedures and mechanisms applicable to each type of process;

d) procedures and mechanisms for more flexible processes where the value of a contract is below a prescribed amount;

e) open and transparent pre-qualification processes for tenders or other bids;

f) competitive bidding processes in which only pre-qualified persons may participate,

g) bid documentation, advertising of and invitation for contracts;

h) procedures and mechanisms for:

   i. the opening, registering and recording of bids in the presence of interested persons;

   ii. the evaluation of bids to ensure best value for money;

   iii. negotiating the final terms of contracts; and

   iv. the approval of bids;

i) screening processes and security clearances for prospective contractors on tenders or other bids above a prescribed value;

j) compulsory disclosure of any conflicts of interests prospective contractors may have in specific tenders, and the exclusion of such prospective contractors from those tenders or bids;

k) participation in the supply chain management system of persons who are not officials of the municipality or municipal entity;

l) the barring of persons from participating in tendering or other bidding processes, including persons:

   i. who were convicted for fraud or corruption during the past 5 years;

   ii. who wilfully neglected, reneged or failed to comply with a government contract during the past 5 years; or

   iii. whose tax matters are not clearer by the South African Revenue Service;

m) measures for:

   i. combating fraud, corruption, favouritism and unfair and irregular practices in municipal supply chain management; and

   ii. promoting the ethics of officials and other role players involved in municipal supply chain management;

n) the invalidation of recommendations or decisions that were unlawfully or improperly made, taken or influenced, including recommendations or decisions that were made, taken or in any way

influenced by:

i. councillors in contravention of item 5 or 6 of the code of conduct for councillors set out in Schedule 1 to the Municipal Systems Act; or

ii. municipal officials in contravention of item 4 or 5 of the code of conduct for municipal staff members set out in Schedule 2 to that Act;

o) the procurement of goods and services by municipalities or municipal entities through contracts procured by other organs of state;

p) contract management and dispute settling procedures: and

q) the delegation of municipal supply chain management powers and duties, including to officials.

The regulatory framework for municipal supply chain management must be fair, equitable, transparent, competitive and cost-effective.

SECTION 113: UNSOLICITED BIDS

A municipality or municipal entity is not obliged to consider an unsolicited bid received outside its normal bidding process.

If a municipality or municipal entity does decide to consider an unsolicited bid it may do so only in accordance with the prescribed framework.

SECTION 114: APPROVAL OF TENDERS NOT RECOMMENDED

If a tender other than the one recommended in the normal course of implementing the supply chain management policy is approved, the accounting officer of the municipality or municipal entity must, in writing, notify the Auditor-General, the provincial treasury and the national treasury and, in the case of a municipal entity, also the parent municipality, of the reasons for deviating from such recommendation.

The above requirements do not apply if a different tender is approved purely to rectify an irregularity.

SECTION 115: IMPLEMENTATION OF SYSTEM.

The accounting officer of a municipality or municipal entity must implement the supply chain management policy and must take all reasonable steps to ensure that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices.

No person may impede the accounting officer in fulfilling this responsibility.

SECTION 116: CONTRACTS AND CONTRACT MANAGEMENT

A contract or agreement procured through the supply chain management system must be in writing and must stipulate the terms and conditions of the contract or agreement, which must include provisions which allow for:

i. the termination of the contract or agreement in the case of non- or under- performance;
ii. dispute resolution mechanisms to settle disputes between the parties; and
iii. a periodic review of the contract or agreement once every 3 years in the case of a contract or agreement for longer than 3 years.

The accounting officer must:

a) take all reasonable steps to ensure that a contract or agreement procured through the supply chain management supply is properly enforced;
b) monitor on a monthly basis the performance of the contractor under the contract or agreement;
c) establish capacity in the administration to assist the accounting officer in carrying out the foregoing responsibilities. and in overseeing the day-to-day management of contracts and agreements; and
d) regularly report to the council or the board of directors, as the use may be, on the management of

the contract or agreement and the performance of the contractor.

A contract or agreement procured through the supply chain management policy may be amended by the parties, but only after:

a) the reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of the municipal entity, in the council of its parent municipality; and
b) the local community has been given reasonable notice of the intention to amend the contract or agreement, and has been invited to submit representations to the municipality or municipal entity.

SECTION 117: COUNCILLORS BARRED FROM SERVING ON MUNICIPAL TENDER COMMITTEES

No councillor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, nor attend any such meeting as an observer.

SECTION 118: INTERFERENCE

No person may interfere with the supply chain management system of the municipality or municipal entity, or amend or tamper with any tenders, quotations, contracts or bids after their submission.

SECTION 119: COMPETENCY LEVELS OF OFFICIALS INVOLVED IN MUNICIPAL SUPPLY CHAIN MANAGEMENT (EFFECTIVE 1 JULY 2006)

The accounting officer and all other officials of the municipality or municipal entity involved in the implementation of the supply chain management policy must meet the prescribed competency levels. The municipality or municipal entity must provide resources or opportunities for the relevant training of the officials referred to in order to ensure that the prescribed competency levels are met.

APPENDIX C

DECLARATION OF INTEREST

No contract may be awarded to;

- any person in the "service of the state" (see definition at end) or has been in the service of the state in the previous twelve months.
- 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.
- who is an advisor or consultant contracted with the municipality (this is only applicable where the advisor or consultant is directly involved in a specific Tender).
- a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder of the provider if such is in the service of the state or has been in the service of the state in the previous twelve months.

It is required that the tenderer or his/her authorised representative declare his/her position in relation to the evaluating/adjudicating authority and/or take an oath declaring his/her interest as per paragraph (1)

2. In order to give effect to the above, the following questionnaire must be completed and submitted with the Tender.

2.1. Are you or any person connected with the tenderer, in service of the state? **YES/NO**

If so, state particulars:

……

…….

2.3 Do you, or any person connected with the tenderer, have any relationship (family, friend, other) with a person employed by the state and who may be involved with the evaluation and or adjudication of this Tender? **YES/NO**

If so, state particulars:

……

……

2.3 Are you, or any person connected with the tenderer, aware of any relationship (family, friend, other)

between the tenderer and any person in service of the state who may be involved with the evaluation and or adjudication of this Tender? **YES/NO**

2.3.1 If so, state particulars:

…….

…….

…….

…….

DECLARATION

I, THE UNDERSIGNED (NAME)……

CERTIFY THAT THE INFORMATION FURNISHED IN PARAGRAPHS 2.1 TO 2.3.1 ABOVE IS CORRECT, AND THAT THE SIGNATORY TO THIS DOCUMENT IS DULY AUTHORISED.

I ACCEPT THAT THE MUNICIPALITY MAY ACT AGAINST ME SHOULD THIS DECLARATION PROVE TO BE FALSE.

……. …… …….
Name (print) Signature Date

"In the service of the state" means;

- a member of –

  (a) any municipal council;

  (b) any provincial legislature; or

  (c) the National Assembly or the National Council of Provinces;
- a member of the board of directors of any municipal entity;
- an official of any municipality or municipal entity;
- an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act

No.1 of 1999);

- a member of the accounting authority of any national or provincial or public entity; or an employee of Parliament or provincial legislature.