



POLOKWANE

MUNICIPALITY

SUPPLY CHAIN

MANAGEMENT POLICY

Draft SCM Policy for 2018/19 Financial Year

PART A

This Policy consists of Three parts:

Part A is the **Supply Chain Management Policy**, adopted in terms of section 111 of the Local Government: Municipal Finance Management Act, No. 56 of 2003 and the Municipal Supply Chain Management Regulations, Notice 868 of 30 May 2005;

Part B is the **Preferential Procurement Policy**, adopted in terms of section 2 of the Preferential Procurement Policy Framework Act, No. 5 of 2000 and the Preferential Procurement Regulations, 2011.

And

Part C is the **Model Policy for Infrastructure Management**, adopted in terms of section 168 of the Municipal Finance Management Act, No. 56 of 2003 in support of Regulation 3(2) of the MFMA Supply Chain Management Regulations.

POLOKWANE MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART A

PART A

MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY
LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

The Council of the Polokwane Municipality resolved on **26 May 2017** in terms of section 111 of the Local Government: Municipal Finance Management Act (no. 56 of 2003) to adopt the following as the Supply Chain Management Policy of the municipality:

**POLOKWANE MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART A**

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1. Definitions

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) has the same meaning as in the Act, and –

“Accounting Officer means a person appointed by the Municipality in terms of Section 82 of the Local Government: Municipal Structures Act. 1998 (Act No. 117 of 1998) and who is the head of administration and also the Municipal Manager for the Municipality.

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

“days” means any day of the week except Saturday, Sunday and public holidays as determined in the Public Holidays Act, 1994 (Act No. 36 of 1994)

“CFO” means Chief Financial Officer of the Municipality;

“CIDB means Construction Industry Development Board

“close family means:

member” (a) spouse or partner

(b) parent

(c) children

“closing date” means the time and day specified in the bid documents and/or advertisement of the receipt of bids.

“competitive bidding process” means a competitive bidding process referred to in clause 12 (1) (f) of this Policy;

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

“contract” means the agreement that results from the acceptance of a bid by the Municipality;

“disability” means, in respect of a person, a permanent impairment of a physical, intellectual, or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner, or within the range, considered normal for a human being.

“delegation” in relation to a duty, includes an instruction a request to perform or to assist in performing the duty.

“emergency”	an emergency is an unforeseeable and sudden event with harmful or potentially harmful consequences for the municipality which requires urgent action to address.
“emerging enterprise”	means an enterprise which is owned, managed and controlled by previously disadvantaged persons and which is overcoming business impediments arising from the legacy of apartheid.
“final award”	in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;
“financial interest”	means where a municipal staff member is a close family member of a person who is the owner, partner, principal shareholder or member, manager or who serves on the board of directors, etc of a tendering enterprise;
“formal written price quotation”	means quotations referred to in clause 12 (1) (d) & (e) of this Policy;
“IDP”	means Integrated Development Plan;
“in the service of the state”	means to be – <ul style="list-style-type: none"> a) a member of – <ul style="list-style-type: none"> i) any municipal council; ii) any provincial legislature; or iii) the National Assembly or the National Council of Provinces; b) a member of the board of directors of any municipal entity; c) an official of any municipality or municipal entity; d) an official of any national or provincial department, national or provincial public entity or institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);

- e) a member of the accounting authority of any national or provincial public entity; or
- f) an employee of Parliament or a provincial legislature;
- “long term contract”** means a contract with a duration period exceeding three years;
- “list of accredited prospective providers”** means the list of accredited prospective providers which the Polokwane Municipality must keep in terms of clause 14 of this policy;
- “micro-enterprise”** means a very small business, often involving only the owner, some family members and at the most one or two paid employees. They usually lack `formality` in terms of business licences, value-added tax (VAT) registration, formal business premises, operating permits, operating permits and accounting procedures. Most of them have a limited capital base and only rudimentary technical or business skills amongst their operators. However, many micro-enterprises advance into viable small businesses. Earning levels of microenterprises differ widely, depending on the particular sector, the growth phase of the business and access to relevant support.
- “municipality”** means the Polokwane Municipality;
- “notice boards”** means the official notice boards at the municipal offices and libraries;
- “other applicable legislation”** means any other legislation applicable to municipal supply chain management, including –
- a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
 - b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
 - c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);
 - d) the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

- e) the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000);
- f) the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
- g) the Prevention and Combating of Corrupt Activities Act, 2000 (Act No. 12 of 2004);
- h) the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003): Municipal Supply Chain Management Regulations;
- i) the Preferential Procurement Regulations, 2011

“Policy” means the Supply Chain Management Policy of the Polokwane Municipality;

“quotation” means a stated price that a supplier expects to receive For the provision of specified services, works or goods;

“Regulations” means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain management Regulations published by Government Notice 868 of 30 May 2005;

“SDBIP” means Service Delivery and Budget Implementation Plan;

“single provider” Sole supplier- One and Only (Alone of its kind) Supplier (Oxford Dictionary). If such goods or services are produced or available from a single provider only. There is no competition and only one provider exists in South Africa (for example, sole distribution rights);

practitioners” Include the Chief Financial Officer, Deputy Chief Financial Officer, the Supply Chain Manager and SCM Officials;

“survivalist enterprise” means a business set up by people unable to find a paid job or get into an economic sector of their choice. Income generated from these activities usually falls far short of even a minimum income standard, with little capital invested, virtually no skills training in the particular field and only limited opportunities for growth into a viable business. This category is characterised by poverty and the attempt to survive.

“tender” means a ‘bid’ or a ‘quotation’ in relation to a “Tender Box”;

“tender box” means the specified tender box at the offices of Polokwane Municipality.

“Treasury guidelines” means any guidelines on supply chain management Issued by the Minister in terms of section 168 of the Act, including –

- a) National Treasury, MFMA Circular No. 34, Municipal Finance Management Act No. 56 of 2003, Reporting of awards above R 100 000
- b) National Treasury, MFMA Circular No. 46, Municipal Finance Management Act No. 56 of 2003, Checking the prohibition status of recommended bidders
- c) National Treasury, MFMA Circular No. 50, Municipal Finance Management Act No. 56 of 2003, Preparation of the municipal audit file (Stores & Consumables)
- d) National Treasury, MFMA Circular No. 52, Municipal Finance Management Act No. 56 of 2003, Prohibition of restricted practices
- e) National Treasury, MFMA Circular No. 53, Municipal Finance Management Act No. 56 of 2003, Amended guidelines in respect of bids that include functionality as a criterion for evaluation
- f) National Treasury, MFMA Circular No. 56, Municipal Finance Management Act No. 56 of 2003, Database of restricted suppliers and training on the revised Preferential Procurement Regulations, 2011

“*validity period*” means the period for which a bid is to remain valid and binding as stipulated in the relevant tender document.

“*written quotations*” means quotations referred to in clause 12(1)(c) of this Policy.

- 1.1. Words importing the singular shall include the plural and *vice versa* and words importing the masculine gender shall include females and words importing persons shall include companies, closed corporations and firms, unless the context clearly indicates otherwise.
- 1.2. All amounts / limits stated in this document shall be deemed to be inclusive of Value Added Tax (VAT).

CHAPTER 1: IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Supply Chain Management Policy

- 1) All officials and other role players in the Supply Chain management system of the **Polokwane Municipality** must implement this Policy in a way that –
 - a) gives effect to –
 - i) section 217 of the Constitution; and
 - ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
 - iii) Regulations pertaining to Supply Chain Management.
 - b) gives effect to the principles contained in **Annexure A**.
 - c) complies with –
 - i) the Regulations; and
 - ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
 - d) is consistent with other applicable legislation;
 - e) does not undermine the objective for uniformity in Supply Chain Management Systems between organs of state in all spheres; and
 - f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector;
 - g) applies the highest ethical standards; and
 - h) promotes local economic development.
- 2) This Policy applies when the Municipality –
 - a) procures goods or services;
 - b) disposes of goods no longer needed;
 - c) selects contractors to provide assistance in the provision of municipal services including circumstances where Chapter 8 of the Municipal Systems Act applies.
- 3) This Policy, except where provided otherwise, does not apply in respect of:
 - a) the procurement of goods and services contemplated in section 110(2) of the Act, including –
 - i) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
 - ii) electricity from Eskom or another public entity, another municipality or a municipal entity.
 - b) the unskilled labour component of the Municipality's LLPP (Local Labour Promotion Projects);

- c) the acquisition of services of attorneys and advocates subject that the acquisition of such services to be dealt with in terms of Delegations 4.2.52, 5.1.1.35.1 and 5.1.1.35.3 of the Municipality's Delegation of Powers and Duties, as amended from time to time and any Bargaining Council Agreements on Disciplinary Procedures;
- d) the payment of accommodation and air travel for official purposes subject that same be dealt with in terms of the Municipality's Travelling and Subsistence allowance/cost Policy, as amended from time to time, as well as Delegations 4.1.1, 5.1.1.1 and 5.1.1.17 of the Municipality's Delegation of Powers and Duties, as amended from time to time;
- e) any contract relating to the publication of notices and advertisements by the municipality.

3. Adoption, Amendment and Implementation of the Supply Chain Management Policy

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

4. Delegation of supply chain management powers and duties

- 1) Council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –
 - a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –
 - i) Chapter 8 or 10 of the Act; and
 - ii) this Policy;

- b) to maximize administrative and operational efficiency in the implementation of this Policy;
 - c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
 - d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- 2) Section 79 of the Act applies to the sub delegation of powers and duties delegated to the accounting officer in terms of sub-clause (1).
 - 3) The accounting officer may not sub-delegate any supply chain management powers or duties to a person who is not an official of the Municipality or to a committee which is not exclusively composed of officials of the Municipality.
 - 4) This clause 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 clause 26 of this Policy.

5. Sub-delegations

- 1) The accounting officer may in terms of section 79 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub-delegation must be consistent with sub-clause (2) of this clause and clause 4 of this Policy.
- 2) The power to make a final award –
 - a) above R10 million (VAT included) may **not be sub-delegated** by the **accounting officer**;
 - b) **above R200 000 (VAT included), but not exceeding R2 million (VAT included), must be sub-delegated to the bid adjudication committee of which the chief financial officer is chairperson;**
Delegations include the authority to approve the following:-
 - 1. Bid Specification Reports and Adverts**
 - 2. Appointment Letters and Service level agreements**
 - 3. Negotiations for projects less than R2 million (VAT included)**
- 3) Only the Accounting Officer and CFO can issue appointment letter on any tender above R2 000 000 (VAT included).

- c) below R200 000 must be sub-delegated to **the Deputy Chief Financial Officer** as per Council's delegations, pertaining to the procurement of goods and services.

Delegations include the authority to approve the following:-

1. Bid Specification Reports and Adverts
2. Appointment Letters and service level agreement
3. Negotiations for projects less than R 200 000.00 (VAT included)

- 4) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with sub-clause (2) must **within ten (10)** day of the end of each month submit to the official referred to in sub-clause 4(a) written report containing particulars of each final award made by such official or committee during that month, including–
- a) the amount of the award;
 - b) the name of the person to whom the award was made; and
 - c) the reason why the award was made to that person.
- 5) A written report referred to in sub-clause (3) must be submitted to the accounting officer, in the case of an award by a bid adjudication committee of which the chief financial officer or a senior manager is a member.
- 6) Sub-clauses (3) and (4) of this policy do not apply to procurement out of petty cash.
- 7) This clause 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 clause 26 of this Policy. Also refer to clause 4(4) and 5(2)(a) of this Policy.

6. Oversight role of council

- 1) Council must maintain oversight over the implementation of this Policy.
- 2) For the purposes of such oversight the Accounting Officer must –
 - a) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality; and

- b) Whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to Council.
- 3) The accounting officer must, within ten (10) days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor of the municipality.
- 4) The availability of these reports must be made public in accordance with section 21A of the Local Government Municipal Systems Act 32, 2002

7. Supply Chain Management Unit

- 1) A supply chain management unit is hereby established to implement this Policy.
- 2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

8. Training of supply chain management officials

The training of officials involved in implementing this Policy should be in accordance with relevant legislation, including Treasury guidelines on supply chain management.

CHAPTER 2: SUPPLY CHAIN MANAGEMENT SYSTEM

9. Format of supply chain management system

- 1) This Policy provides systems for –
 - a) demand management;
 - b) acquisition management;
 - c) logistics management;
 - d) disposal management;
 - e) risk management; and
 - f) performance management.

Part 1: Demand management

10. System of demand management

- 1) 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, the Budget and the Service Delivery and Budget Implementation Plan.

- 2) The demand management system must –
 - a) include timely planning and management processes to ensure that all goods and services required by the Municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
 - b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and
 - c) provide for the compilation of the required specifications to ensure that its needs are met.
 - d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

Part 2: Acquisition management

11. System of acquisition management

- 1) The accounting officer must implement the system of acquisition management set Out in this Part in order to ensure –
 - a) That goods and services are procured by the Municipality in accordance with authorized processes only;
 - b) That expenditure on goods and services is incurred in terms of an approved Budget in terms of section 15 of the Act;
 - c) That the threshold values for the different procurement processes are complied with;
 - d) That bid documentation, evaluation and adjudication criteria, and general Conditions of a contract, are in accordance with any applicable legislation; and
 - e) That any Treasury guidelines on acquisition management are properly taken into account.
- 2) When procuring goods or services contemplated in section 110(2) of the Act, the accounting officer must, subject to clause 2(3), make public the fact that such goods or services are procured otherwise than through the Municipality's supply chain management system, including -
 - a) the kind of goods or services; and
 - b) the name of the supplier.

12. Range of procurement processes

- 1) Goods and services may only be procured by way of –
 - a) Petty cash purchases, up to a transaction value of R200 (VAT included);
 - b) Petty cash purchases exceeding the amount of R200 up to an amount of R2 000 (VAT included) to be authorised by the Chief Financial Officer or his delegatee;

- c) Direct purchases by the Purchasing Division for procurement transactions with values lower than R2 000 (VAT included);
 - d) Formal written price quotations for procurement transactions with values over R2 000 up to R30 000 (VAT included);
 - e) Formal written price quotations for procurement transactions valued over R30 000 (VAT included) up to R200 000 (VAT included), subject to clause 18(b); and
 - f) a competitive bidding process for –
 - i) Procurement above a transaction value of R200 000 (VAT included); and
 - ii) The procurement of long term contracts, i.e. longer than one year.
- 2) The accounting officer may, in writing -
- a) Lower, but not increase, the different threshold values specified in sub-clause (1); or
 - b) direct that –
 - i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000 (VAT included);
 - ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R30 000 (VAT included); or
 - iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000 (VAT included).
 - d) the delegated authority for the different threshold values are contained in the Municipality’s Delegations of Power : Delegation 4.2.81.1.
- 3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.
- 4) The Municipality reserves the rights to appoint a panel of Service Providers or Contractors for period not more than 36 months and allocation of work must be done on rotational basis taking into account the final ranking and the performance of the service provider.

13. General preconditions for consideration of formal written price quotations or bids

A formal written price quotation or bid that exceeds R30 000 may not be considered unless the provider who submitted the quotation or bid –

- a) has furnished that provider’s –
 - i) full name;

- ii) identification number or company or other registration number; and
 - iii) tax reference number and VAT registration number, if any;
- b) has authorized the Municipality to verify any of the documentation referred to in sub-clause (a) above; and
- c) has indicated –
- i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholder or stakeholders are in the service of the state, or has been in the service of the state in the previous twelve months; or
 - iii) whether a close family member of the provider or of a director, manager, shareholder or stakeholder referred to in sub-clause (ii) is in the service of the state, or has been in the service of the state in the previous twelve months;
 - iv) that the tendering enterprise or any of its owners, directors, members or trustees, in their personal capacity are not in arrears with any account(s) with a Municipality for longer than 90 days / three months; or
 - v) whether any Municipal staff member is a close family member of an owner, his/her partner serves on the board of directors, or are members or trustees, of the tendering enterprise.

14. Lists of accredited prospective providers

- 1) The accounting officer must –
- a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and
 - b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
 - c) specify the listing criteria for accredited prospective providers which must include at least the requirement to submit proof of compliance with SARS tax clearance and proof that local municipal rates and services payments are not in arrears for more than three months;
 - d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.

- 2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.
- 3) The list must be compiled per commodity and per type of service.

15. Petty cash purchases

- 1) The general guideline is that petty cash purchases referred to in clause 12(1)(a) & (b) of this Policy are for minor items that are purchased for up to R2 000 (VAT included) where it is impractical, impossible or not cost-effective to follow formal procurement process and is strictly of a reimbursive nature and not for advances.
- 2) The conditions for the procurement of goods by means of petty cash purchases referred to in clause 12 (1)(a) & (b) of this Policy, are as follows:-
 - a) Accounting Officer to determine the terms on which a manager may delegate responsibility for petty cash to an official reporting to the manager;
 - b) Accounting Officer to determine the maximum number of petty cash purchases or the maximum amounts per month for each petty cash holder;
 - c) Accounting Officer to determine any types of expenditure from petty cash purchases that are excluded, where this is considered necessary; and
 - d) a monthly reconciliation report from each petty cash holder must be provided to the chief financial officer, including –
 - i) the total amount of petty cash purchases for that month; and
 - ii) the receipts and appropriate documents for each purchase;
 - e) any other conditions determined by Accounting Officer.
- 3) Petty cash purchases with threshold value from an amount of R1.00 up to an amount of R2 000 (VAT included) to be authorised by the Chief Financial Officer or his delegate.

16. Written quotations

- 1) The conditions for the procurement of goods or services through written quotations for amounts under the threshold for formal quotations as stated in clause 12(1)(c) & (d) are as follows:
 - a) quotations for transactions up to a value of R 2 000 (VAT Included) must be obtained from at **least two different providers** preferably from, but not limited to, providers whose names appear on the list of **accredited prospective providers**

of the Municipality provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in clause 14(1) (b), (c) and (d) of this Policy;

- b) providers must be requested to submit such quotations in writing;
 - c) if it is not possible to obtain at least two quotations, **the reasons must be recorded and reported quarterly to the Supply Chain Manager**
 - d) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider;
 - e) any other conditions determined by the Accounting Officer.
- 2) **No orders may be placed based on verbal price quotations.**
- 3) No quotation, written or verbal, may be made available by an official to a prospective bidder.

17. Formal written price quotations

- 1) The conditions for the procurement of goods or services through formal written price quotations are as follows:
- a) quotations must be obtained in writing from at least **three different providers whose names appear on the list of accredited prospective** providers of the Municipality;
 - b) quotations may be **obtained from providers who are not listed**, provided that such providers meet the listing criteria set out in clause 14(1) (b), (c) and (d) of this Policy;
 - c) if it is not possible to obtain **at least three quotations**, the reasons must be recorded and approved by the **Deputy Chief Financial Officer** or an official designated by the **Deputy Chief Financial Officer**, and
 - d) the **Deputy Chief Financial Officer** must record the names of the potential providers and their written quotations;

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

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

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

- a) when using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
- b) 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 clause 17, the database for goods and services above shall be advertised annually.
- c) quotes received must be evaluated on a comparative basis taking into account unconditional discounts;
- e) quotes must be awarded based on compliance to specifications, conditions of contract, ability and capability to deliver the goods and services, at **acceptable price**
- f) responsive and acceptable offers, which are subject to the preference points system (PPPFA and associated regulations and policy), must be awarded to the bidder who scored the highest points; The prescripts of the Preferential Procurement Policy Framework Act, Act No.5 of 2000 will be applied for procurement requirements above R30 000 (and with a lesser value where appropriate);
- g) the **Deputy Chief Financial Officer** must set requirements for proper record keeping of all formal written price quotations accepted on behalf of the municipality;
- h) procurement requirements exceeding a value of R 30 000 (VAT Inclusive) must be submitted to the Quotations Evaluation Committee which comprises of **Supply Chain Manager or his delegate, Project Manager and Secretary**. The Quotations Evaluation Committee must make recommendation to the Deputy Chief Financial Officer or delegated official for approval.
- i) the cancellation of procurement requirements exceeding a value of R 30 000 must be submitted to the Bid Evaluation Committee for consideration who makes a recommendation to the relevant Director or his delegatee for approval;

19. Competitive bids

- 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 clauses 11(2) and 36 of this Policy.
- 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 lesser value merely

for the sake of procuring the goods or services otherwise than through a competitive bidding process.

- 3) Expression of interest/Request for Information – The Municipality reserves the rights to issue expression of interest which is non-binding.
- 4) The Municipality reserves the rights to issue a request for qualification and proposal on all the PPP (Public Private Partnership) and alternative funding mechanisms and programmes

20. Process for competitive bidding

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

- a) Compilation of bidding documentation as detailed in clause 21;
- b) Public invitation of bids as detailed in clause 22;
- c) Site meetings or briefing sessions as detailed in clause 22;
- d) Handling of bids submitted in response to public invitation as detailed in clause 23;
- e) Evaluation of bids as detailed in clause 28;
- f) Award of contracts as detailed in clause 29;
- g) Administration of contracts: After approval of a bid, the accounting officer and the bidder must enter into a written agreement unless the bidding documentation constitutes an acceptable contract.
- h) Proper record keeping: Original and legal copies of written agreements should be kept in a secure place for reference purposes.

21. Bid documentation for competitive bids

- 1) The criteria to which bid documentation for a competitive bidding process must comply, and ;
 - a) take into account –
 - i) the general conditions of contract and any special conditions of contract, if specified;
 - ii) any Treasury guidelines on bid documentation; and
 - iii) the requirements of the Construction Industry Development Board (CIDB), in the case of a bid relating to construction, upgrading, refurbishment of buildings or infrastructure; and
 - iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality is expected to be transferred out of the Republic;

- b) include the preference points system to be used as contemplated in the Preferential Procurement Regulations, 2011 and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- d) if the value of the transaction exceed R10 million (VAT included) –
 - i) the bidder is required by law to submit audited or reviewed annual financial statement; for the past three years; or since its establishment if established within the past three years;
 - ii) certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards the Municipality or other service provider in respect of which payment is overdue for more than 30 calendar days;
 - iii) particulars of any contracts awarded to the bidder by the municipality during the past five years, including particulars of any material noncompliance or dispute concerning the execution of such contract;
 - iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
- e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law;
- f) in the absence of formal construction or technical contracts, e.g. JBCC and General Conditions of Contract, in which guarantees / sureties are contained, the following shall apply:
 - i) where surety is required it shall be in the form of cash or a bank guarantee from a banking institution registered in terms of the Banks Act, 1990 (Act No. 94 of 1990) or from an insurer registered in terms of the Insurance Act, 2002 (Act No. 30 of 2002). Where bids in Category A cannot raise the required surety of 2,5%, and it is feasible to deduct the amount from the Preliminary and General (P+G) payment certificate, such concessions may be granted; Guarantees will be required as follows:
- g) indicate the value or extent to which the execution of the contract should or should not be subcontracted;

- h) submit a certificate from the Department of Labour indicating compliance with the Occupational Health & Safety Act, 1993 [Act No. 85 of 1993];
- i) any other criteria determined by the Accounting Officer; and
- j) the amount and period of retention.

22. Public invitation for competitive bids

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

- a) Any invitation to prospective providers to submit bids must be by means of a e-tender portal, the website of the Municipality or CIDB database in case of capital projects
 - b) the information contained in a e-tender advertisement, must include –
 - i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to sub-clause (2) of this policy;
 - ii) a statement that bids may only be submitted on the **original bid** documentation provided by the Municipality;
 - iii) a statement that bids will only be considered if it was deposited in the bid box indicated in the bid invitation; and
 - iv) date, time and venue of any proposed site meetings or briefing sessions.
- 2) The accounting officer may determine a closure date for the submission of bids which is less than the required **30 or 14 days**, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- 3) Bids submitted must be sealed.
- 4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

23. Procedure for handling, opening and recording of bids

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

- a) Bids–
 - i) must be opened only in public;
 - ii) **must be opened on the same date and time of closing of bids ;**
- b) **Any bidder or member of the public has the right to request that the names of the bidders and their bidding price who submitted bids in time shall be read out.**

- c) No information, except the provisions in sub-clause (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
 - d) The accounting officer must –
 - i) record in a register all bids received in time;
 - ii) make the register available for public inspection; and
 - iii) publish the entries in the register on the website ;
 - (iv) notify the successful bidders in writing and publish the bid results on the website.
- 2) Stamping of bids and reading out of names
- a) An employee shall date-stamp the bid or quotation document and all enclosures related to prices. Bids and quotations shall be numbered in the sequence in which they have been opened.
 - b) Where prices have not been inserted in all relevant spaces on the form and such items have not been deleted by bidders, such spaces shall be stamped “no price” by the employee who opens the bids or quotations.
 - c) Details on how bidders responded to the relevant evaluation criteria e.g. SMME contribution, community benefits, job creation, environmental impact, etc. should not be disclosed.
- 3) Late Bids
- a) Bids or quotations arriving after the specified closing time shall not be considered for evaluation.
 - b) Bid documents must clearly state the venue where the bidding box is situated for each bid. Any bid delivered to the wrong bid box will not be considered, even if it was delivered on time.
 - c) The late bid or quotation document shall be registered and stamped “late bid”
- 4) Amendments before the closing date
- a) The Municipality is entitled to amend any bid condition, specification or plan, or extend the closing date of such a bid or quotation before the closing date, provided that such amendments or extensions are advertised
 - b) or are advised during briefing session and the details of amendment must recorded in briefing session minutes
- 5) The notice shall make provision for the bidders to request their submitted bid or quotations document.
- 6) Bid and quotation validity period

a) Validity period for bids above R200 000 (VAT Inclusive) is 90 days and also the validity period for quotation between R30000 (VAT inclusive) and R200 000 (VAT Inclusive) is 90 days

b) No person may amend or tamper with any tenders, quotations, contracts or bids after their submission.

7) Extension of validity period

The municipality reserve right to extent the validity period through direct notice to all the bidders who tendered for the relevant project provided that the notice is made on or before an expiry of validity period.

24. Negotiations with preferred bidders and communication with prospective providers and bidders

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

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

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

c) does not lead to a higher price than the bid as submitted;

d) does not lead to a lower price in respect of sale of land / goods.

e) Hourly rates based project must be agreed upon by the relevant project owner as when required after the BAC has mandated the relevant project owner in writing and the hours must be within budget over MTREF period

2) Minutes of such negotiations must be kept for record purposes and as far as practical be made part of the final contract.

3) No unauthorised communication with bidders and prospective providers:

a) where bids and quotations have been submitted to the municipality, a bidder may not communicate with any councillor, official, or authorised service provider on any matter regarding his/her bid, quotation or offer other than a notice of withdrawal.

b) No municipal personnel may communicate with a bidder or any other party who has an interest in a bid, during the period between the closing date for the receipt of the bid or quotation (or date of receipt of an offer), and the date of notification of the successful bidder of acceptance of his bid, quotation or offer, except as provided for in clause (c) below. Every such case of unauthorised communication shall forthwith be reported to the Supply Chain Management Unit as well as the relevant chairperson of the Bid Adjudication Committee. A bid or quotation in respect of which unauthorized communication has occurred may be disqualified.

- c) The chairperson or deputy chairperson of the Bid Adjudication Committee or delegated official, may authorise an employee in writing, to communicate with a bidder during the period mentioned in subsection (b) above for the purpose of:-
 - i) explaining and verification of declarations made in the bid response;
 - ii) confirming technical particulars and the compliance thereof with specifications;
 - iii) clarifying delivery times/quantities;
 - iv) extending the validity period of a bid;
 - v) clarifying any other commercial aspect;
 - vi) for the submission of substantiating documents.
- d) In all cases where authority has been granted to communicate with bidders in terms of clause (c) above, it should be clearly stated in the submission to the Bid Adjudication Committee the nature of the communication as well as by whom such authority to communicate has been granted.
- e) All changes and/or clarification of specifications shall be conveyed to all bidders by means or methods as specified in clause 23.

25. Two-stage bidding process

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

26. Committee system for competitive bids

- 1) A committee system for competitive bids is hereby established, consisting of the following committees for each transaction or cluster of transactions as the accounting officer may determine:
 - a) a bid specification committee;
 - b) a bid evaluation committee; and
 - c) a bid adjudication committee;
- 2) The Accounting officer appoints the members of each committee, taking into account section 117 of the Act, and

- 3) The Accounting Officer may appoint a neutral or independent observer, to attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- 4) The committee system must be consistent with –
 - a) clause 27, 28 and 29 of this Policy; and
 - b) any other applicable legislation.
- 5) The Accounting officer may apply the committee system to formal written price quotations.

27. Bid specification committees

- 1) The appropriate bid specification committee must compile the specifications for each procurement transaction for goods or services by the Municipality, depending on the department involved.
- 2) Specifications –
 - a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
 - b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organization, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
 - c) must, where possible, be described in terms of performance required and / or in terms of descriptive characteristics for design;
 - d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
 - e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;
 - f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations, 2011; and
 - g) must be approved by the relevant senior manager prior to publication of the invitation for bids in terms of clause 22 of this Policy.
- 3) Composition of Bid Specification Committee
A Bid Specification Committee must be composed of the following:
 - a) Supply Chain Official as the chairperson
 - b) One official from SCM Unit providing also secretarial duties

- c) Manager or delegated official from the user department requesting goods or services.
- 4) The Committee may, when appropriate, include external specialist advisors. No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

28. Bid evaluation committees

- 1) A bid evaluation committee must evaluate all bids for procurement exceeding R 200 000 (VAT Inclusive) –
 - a) evaluate bids in accordance with –
 - i) the specifications for a specific procurement; and
 - ii) the points system set out in terms of clause 27(2)(f);
 - iii) the general criteria to evaluate technical and financial ability
 - iv) the framework for the adjudication of bids as contained in Part B (Preferential Procurement Policy).
 - b) evaluate each bidder's ability to execute the contract;
 - c) evaluate the bids to ensure value for money for the municipality;
 - d) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears for more than three months or valid lease agreements or letter from traditional authorities.
 - e) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter;
 - f) submit to the adjudication committee a report and reasons in the event of a bid not being awarded.
- 2) Composition of Bid Evaluation Committee
A bid evaluation committee must as far as possible be composed of
 - a) Standing members
 - i) Manager or official appointed by the Accounting Officer
 - ii) Supply chain management official
 - b) Other members:
 - i) At least one knowledgeable / professional official from the Directorate for whom the bid is called.
 - ii) Technical experts, consultants or advisors, provided that these experts may only actively contribute to discussions, but not vote on the items evaluated.

29. Bid adjudication committees

- 1) A bid adjudication committee must –
 - a) consider the report and recommendations of the bid evaluation committee; and
 - b) either –
 - i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
 - ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.
 - c) Consider the report and recommendations of the bid evaluation committee where it is recommended that the tender not be awarded; and either
 - i) take a decision that the tender not be awarded for the reasons presented and that it be re-advertised or not be re-advertised; or
 - ii) take a decision that the tender be awarded and make a final award or a recommendation to the accounting officer to make the final award.
- 2) A bid adjudication committee shall be composed at least four senior managers including the following:-
 - a) the Chief Financial Officer as the Chairperson or, if the Chief Financial Officer is not available, the Deputy Chief Financial Officer, in cases where the two are not available another manager reporting directly to the chief financial officer or deputy chief financial officer and designated by the chief financial officer;
 - b) the Manager: Supply Chain Management or delegated SCM practitioner; and
 - c) Directors or in their absence, a duly delegated official appointed by the Accounting Officer.
 - d) In the event of an equal of votes the chairperson shall have a casting vote over and above a deliberate vote.
- 3) The Technical Director or advisor must be present at the Bid Adjudication meeting where bids related to engineering are to be considered.
- 4) The Chairperson of the Bid Evaluation Committee or in his absence an official nominated by the Chief Financial Officer should be present at the Adjudication Meetings to introduce the reports to the Committee and assist in clarifying issues that were dealt with in the Evaluation Committee meetings without voting rights.
- 5) A technical expert in the relevant field, who is an official, if such an expert exists, may attend the meeting as an advisor for clarification purposes. This official will not have voting rights at the Bid Adjudication Committee meeting.
- 6) The Accounting officer or Bid Adjudication committee may recommend the consultant to perform risk assessment on price before appointment of the recommended bidder.

- 7) The Accounting Officer must appoint the CFO or in his absence, the deputy CFO, as chairperson of the committee.
- 8) 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.
- 9) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee –
 - a) the bid adjudication committee must prior to awarding the bid –
 - i) check in respect of the preferred bidder whether that bidder’s municipal rates and taxes and municipal service charges are not in arrears for more than three months, and;
 - ii) notify the accounting officer.
 - b) The accounting officer may –
 - i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in clause (a); and
 - ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- 10) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- 11) The accounting officer must comply with section 114 of the Local Government: Municipal Finance Management Act 56 of 2003 –
 1. *If a tender other than the one recommended in the normal course of implementing the supply chain management policy of a municipality or municipal entity is approved, the accounting officer of the municipality or municipal entity must, in writing, notify the Auditor-General, the relevant 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.*
 2. *Subsection (1) does not apply if a different tender was approved in order to rectify an irregularity.”*

30. Quorum in all bid committees

Quorum at bid committee meetings shall be fifty percent plus one of total members.

31. Multi awards to one service provider

- a) Service providers will only be awarded one project per stream.

- b) Service provider will be considered for further award upon completion of the previous project or general goods and services rendered.
- c) In instances where only one service provider met functionality requirements and the service provider has already been recommended in the same project stream, the service provider will be eligible for appointment in the same project stream after the approval of the accounting officer.

32. Procurement of banking services

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

33. Procurement of Information- and Communication Technology (ICT) related goods or services

- 1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of ICT related goods or services through a competitive bidding process.
- 2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- 3) The accounting officer must notify SITA together with a motivation of the ICT needs if –
 - a) the transaction value of ICT related goods or services required in any financial year will exceed R50 million (VAT included); or
 - b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- 4) If SITA comments on the submission and the Municipality 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 relevant provincial treasury and the Auditor General.

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

- 1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –
 - a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
 - b) there is no reason to believe that such contract was not validly procured;
 - c) there are demonstrable discounts or benefits to do so; and
 - d) that other organ of state and the provider have consented to such procurement in writing.
- 2) Sub-clauses (1)(c) and (d) do not apply if –
 - a) a municipal entity procures goods or services through a contract secured by its parent municipality; or
 - b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.
- 3) Prior considering the use of section 32, the full cost benefits analysis must be performed by the user department and cost benefit analysis must be first approved by the BAC if the project will be below R3m or accounting officer if the project is above R3m.

35. Procurement of goods necessitating special safety arrangements

- 1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gases and fuel, should be avoided where ever possible.
- 2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the employee duly authorised in terms of the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993).

36. Proudly SA Campaign

The Municipality supports the Proudly SA Campaign to the extent that, as far as possible, preference is given to procuring local goods and services.

37. Appointment of consultants

- 1) The accounting officer may procure consulting services provided that any Treasury guidelines and the relevant professional body requirements in respect of consulting services are taken into account when such procurements are made.
- 2) Consultancy services must be procured through competitive bids if:
 - a) the value of the contract exceeds R200 000 (VAT included); or
 - b) the duration period of the contract exceeds one year.

- 3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
 - a) all consultancy services provided to the municipality in the last five years; and
 - b) any similar consultancy services provided to the municipality in the last five years.
- 4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the Municipality.

38. Deviation from, and ratification of minor breaches of, procurement processes

- 1) The accounting officer may –
 - a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
 - i) in an emergency;
 - a) Circumstances that warrant emergency dispensation, includes but are not limited to -
 - a) the possibility of human injury or death;
 - b) the prevalence of human suffering or deprivation of rights;
 - c) the possibility of damage to property, or suffering and death of livestock and animals;
 - d) the interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the municipality as a whole;
 - e) the possibility of serious damage occurring to the natural environment;
 - f) the possibility that failure to take necessary action may result in the municipality not being able to render an essential community service;
 - g) the possibility that the security of the state could be compromised.
 - b) The prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, in order to allow time for the formal tender process.
 - c) Procurement in the case of emergencies must be tacitly approved by the relevant director or his delegatee prior to incurring the expenditure

and must be reported to the Municipal Manager or delegated official on the ensuing days.

- ii) if such goods or services are produced or available from a single provider only upon submission of certification letter from DTI;
 - iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - iv) acquisition of animals for zoos and/or nature and game reserves; or
 - v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes,
 - vi) in the case of strip and quote, quotations will be sourced from one service providers listed on the database on rotational basis.
 - vii) Renewal and acquisition of IT licenses shall be sourced directly from accredited agencies.
- 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; and
- c) may condone any irregular expenditure incurred in contravention of, or that is not in accordance with a requirement of this Policy, provided that such condonation and the reasons therefore shall be reported to Council at the next ensuing meeting.
- 2) The accounting officer must record the reasons for any deviations in terms of subclauses (1)(a) and (b) of this policy and report them to the next Council Meeting and include as a note to the annual financial statements.
- 3) Sub-clause (2) does not apply to the procurement of goods and services contemplated in clause 11(2) of this policy.

4) Limited bidding/Close Bid

It is allowed under this policy that the accounting officer may use limited bidding to procure goods and services but approval must only be granted where there is sufficient motivation / reasons and after a careful and thorough analysis of the market.

- (i) "Multiple source"- There is a limited competition, hence only a few prospective bidders are allowed to make proposal. This should be based on a thorough analysis of the market.

- (ii) “Single Source”- This should be based on a thorough analysis of the market and use a transparent and equitable pre-selection process, to request only one amongst a few prospective bidders to make a proposal.
- (iii) “Sole source”- There is no competition and it has been proven through careful and transparent market analysis that only one bidder exists (for example, sole distribution rights etc.)

39. Unsolicited bids

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

- a) any comments submitted by the public; and
 - b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- 8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- 9) Such submission must be made within five day 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 day of the submission.
- 10) Closed bids shall only be accepted after the municipality failed to attract potential service providers through normal competitive bidding processes

40. Combating of abuse of supply chain management system

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

- i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- g) reject the bid of any bidder if that bidder or any of its directors –
 - i) has abused the supply chain management system of the Municipality or has committed any improper conduct in relation to such system;
 - ii) has been convicted for fraud or corruption during the past five years;
 - iii) has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
- 2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of sub-clauses (1)(b)(ii), (e) or (f) of this policy.
- 3) Restrictive practices are prohibited:
 - a) In terms of section 4 (1) (b) (iii) of the Competition Act No. 89 of 1998, as amended, an agreement between, or concerted practice by, firms, or a decision by an association of firms, is prohibited if it is between parties in a horizontal relationship and if a bidder is or a contractor was involved in collusive bidding.
 - b) If a bidder or contractor, based on reasonable grounds or evidence obtained by the municipality, has engaged in the restrictive practice referred to above, the municipality may refer the matter to the Competition Commission for investigation and possible imposition of administrative penalties as contemplated in section 59 of the Competition Act No. 89 of 1998.
 - c) If a bidder or contractor has been found guilty by the Competition omission of the restrictive practice referred to above, the purchaser may, in addition and without prejudice to any other remedy provided for, invalidate the bid for such item(s) offered, and / or terminate the contract in whole or part, and / or restrict the bidder or contractor from conducting business with the public sector for a period not exceeding ten (10) years and / or claim damages from the bidder or contractor concerned.
- 4) Blacklisting criteria:**
 - a) Fraudulent and corrupt activities shall amount to 10 years sanction
 - b) Collusive activities shall amount to 10 years sanction

- c) Misrepresentation of facts or false declarations shall amount to 5 years sanction
- d) Poor or non-performance shall amount to 2 years sanction

Part 3: Logistics, Disposal, Risk and Performance Management

41. Logistics management

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

- 1) 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;
- 2) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- 3) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- 4) 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;
- 5) 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;
- 6) regular checking to ensure that all assets are properly managed and maintained in terms of Council's Asset Management Policy; and
- 7) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

42. Disposal management

Assets must be disposed of in terms of Council's Asset Management Policy as well as the Immoveable Property Management Policy.

43. Risk management

The Accounting Officer must implement an effective system of risk management for the identification, consideration and avoidance of potential risks in the supply chain management system as per Council's Risk Management Policy.

44. Performance management

The accounting officer must implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply

chain management processes were followed and whether the objectives of this Policy were achieved in terms of the Performance Management System- Implementation Policy.

Part 4: Other matters

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

Bids in excess of R30 000 will only be evaluated if the municipality is in possession of a bidder's valid original tax clearance certificate which declares that the bidder's tax matters have been declared to be in order by the South African Revenue Services (SARS). Alternatively the central supplier database will be checked to verify the tax matters of the recommended bidders.

46. Prohibition on awards to persons in the service of the state

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

- a) who is in the service of the state;
- b) that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- c) a person who is an advisor or consultant contracted with the Municipality in respect of a contract that would cause a conflict of interest.

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

The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2 000 (VAT included) to a close family member of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

- 1) the name of that person;
- 2) the capacity in which that person is in the service of the state; and
- 3) the amount of the award.

48. Ethical standards

- 1) A code of ethical standards for supply chain management practitioners and other role players involved in supply chain management is hereby established in accordance with sub-clause (2) in order to promote –
 - a) mutual trust and respect; and

- b) an environment where business can be conducted with integrity and in a fair and reasonable manner.
- 2) An official or other role player involved in the implementation of the supply chain management policy –
- a) must treat all providers and potential providers equitably;
 - b) may not use his or her position for private gain or to improperly benefit another person;
 - c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
 - d) notwithstanding sub-clause (2)(c), must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
 - e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the Municipality;
 - f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
 - g) must be scrupulous in his or her use of property belonging to the municipality;
 - h) must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
 - i) must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
 - i) any alleged fraud, corruption, favouritism or unfair conduct;
 - ii) any alleged contravention of clause 47(1) of this policy; or
 - iii) any alleged breach of this code of ethical standards.
- 3) Declarations in terms of sub-clauses (2)(d) and (e) -
- a) must be recorded in a register which the accounting officer must keep for this purpose;
 - i) by the accounting officer must be made to the mayor of the municipality who must ensure that such declarations are recorded in the register.
- 4) 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 a councillor, in terms of Schedule 1 of the Systems Act;
- c) in the case a role player who is not an employee, or a councillor through other appropriate means in recognition of the severity of the breach; and
- d) in all cases, financial misconduct must be dealt with in terms of Chapter 15 of the Act.

49. Inducements, rewards, gifts and favours to municipal officials and other role players

- 1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –
 - a) any inducement or reward to the Municipality for or in connection with the award of a contract; or
 - b) any reward, gift, favour or hospitality to –
 - i) any official; or
 - ii) any other role player involved in the implementation of this Policy.
- 2) The accounting officer must promptly report any alleged contravention of subclause (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury’s database of persons prohibited from doing business with the public sector.
- 3) Sub-clause (1) does not apply to gifts less than R350 in value.

50. Sponsorships

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

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

51. Objections and complaints

Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within ten(10) days of the decision or action, a written objection or complaint against the decision or action.

52. Resolution of disputes, objections, complaints and queries

- 1) The accounting officer must appoint an independent and impartial person or persons, 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;
 - b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- 2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- 3) The person appointed must –
 - a) strive to resolve promptly all disputes, objections, complaints or queries received; and
 - b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.
- 4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if –
 - a) the dispute, objection, complaint or query is not resolved within 46 day; or
 - b) no response is forthcoming within 46 day.
- 5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query will be referred to the National Treasury for resolution.
- 6) This clause must not be read as affecting a person's rights to approach a court at any time.

53. Contracts providing for compensation based on turnover

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

54. Dispute resolution on payment of Contractors and/or Service Providers

- 1) All the dispute on payment from the user department must be reported to the office of the CFO in writing and circular 49 must be utilised to resolve the issue.
- 2) All the disputed payment must be reported on section 71 reports as part of statutory reporting;

55. Payment of sub-contractors or joint venture partners and Cessionary payment

- 1) Payment of sub-contractors or joint venture partners
The chief financial officer or an official designated by the chief financial officer may consent to the direct payment of sub-contractors or joint venture partners by way of:
 - a) an approved agreement between the two parties provided it is within 30% threshold as required by the preferential regulation; or
- 2) Cessionary payment
The municipality shall accept cessionary payment under the following conditions:
 - a) Signed agreement between the parties involved.
 - b) Provided that the cedee submit original and valid tax clearance certificate.
 - c) The cedee is not blacklisted in the National Treasury database

Cessionary payments shall be approved by delegated officials in terms of approved delegations.

3. Cession can only entered into if it is for purchase of the material or stock by the appointed service provider or financing cession to the appointment service provider.
4. No official other than the Chief Financial Officer ,Deputy Chief Financial Officer of Supply Chian manager shall enter into cession on behalf of the municipality
5. Cession below R30 000 can be signed by the SCM Manager;
6. Cession between R30 000 and R200 000 shall be signed by the Deputy Chief Financial Officer.
7. Cession between above R200 000 shall be signed by the Chief Financial Officer.

56. Extending/ Expansion of Contracts

1. It is recognized that, in exceptional cases, an accounting officer may deem it necessary to expand or vary order against the original contract.
2. Contract(s) may be expanded or varied by not more than 20% for construction related goods, works and/or services and 15% for all other goods or services of the original value of the contract after approval by the BAC and while on tenders above R10 Million must be approved by the Accounting Officer after the BAC has recommended to the Accounting Officer on the proposed variations.
3. Any expansion or variation of contract in excess of these thresholds must be dealt with in terms of the provision to section 116(3) of the MFMA which will be regarded as an amendment to contract and should be approved by council.
4. Contracts for supply of goods and services (Month to Month contracts) may not be extended for a period more of than three months.

57. Contracts having budgetary implications beyond three financial years

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

58. Short title and commencement

This part of the policy is called the Polokwane Municipality **Supply Chain Management Policy**.

POLOKWANE

MUNICIPALITY

SUPPLY CHAIN

MANAGEMENT POLICY

PART B

POLOKWANE MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART B

Part B

PREFERENTIAL PROCUREMENT POLICY adopted in terms of section 2 of the Preferential Procurement Policy Framework Act, No. 5 of 2000 and the Preferential Procurement Regulations, 2011

PREAMBLE

WHEREAS the Polokwane Municipality aims to improve the quality of life of the local community and to free the potential of each person within a framework of facilitating service delivery, through effective governance and the Council takes into account the need for transparent procedures that give the effect to the principle of preferential procurement;

AND WHEREAS local economic development plays a crucial role in creating a prosperous, equitable, stable and democratic society and the overall national vision of economic development is one of decent work and living standards for all in the context of qualitative improved equality in ownership, skills and access to opportunities;

NOW THEREFORE the Council of the Polokwane Municipality resolves in terms of section 2 of the Preferential Procurement Policy Framework Act, No. 5 of 2000 that the principles embodied in the Preferential Procurement Regulations, 2011 are herewith integrated into the Polokwane Municipality's Supply Chain Management Policy to form the basis of the evaluation criteria for quotations and competitive bids.

**POLOKWANE MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART B**

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SUPPLY CHAIN MANAGEMENT POLICY – PART B

DEFINITIONS AND APPLICATION

1 Definitions

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

- "Act"** means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- "all applicable taxes"** includes Value-Added Tax, Pay-as-you-Earn, Income Tax, Unemployment Insurance Fund Contributions and Skills Development Levies;
- "B-BBEE"** means Broad-Based Black Economic Empowerment as defined in Section 1 of the Broad-Based Black Economic Empowerment Act;
- "B-BBEE status level of contributor"** means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;
- "Broad-Based Black Economic Empowerment Act" (B-BBEEA)** means the Broad-Based Black Economic Empowerment Act, 2003 (Act No.53 of 2003);
- "Comparative price"** means the price after the factors of a non-firm price and all unconditional discounts that can be utilised have been taken into consideration;
- "Consortium or Joint"** means an association of persons for the purpose of

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Venture"	combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract;
"Contract"	means the agreement that results from the acceptance of a bid by the Polokwane Municipality;
“designated sector”	means a sector, sub-sector or industry that has been designated by the Department of Trade and Industry in line with national development and industrial policies for local production, where only locally produced services, works or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content;
"Firm price"	is the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy, or tax, which, in terms of a law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract;
"Functionality"	means the measurement according to predetermined norms, as set out in the tender documents, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a tenderer;
“imported content”	means that portion of the tender price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or its subcontractors) and which costs are inclusive of the costs abroad, plus freight and direct importation costs, such as landing costs, dock dues, import duty,

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	sales duty or other similar tax or duty at the South African port of entry;
“local content”	means that portion of the tender price which is not included in the imported content, provided that local manufacture does take place;
“Micro-Enterprise”	means a very small business, often involving only the owner, some family members and at the most one or two paid employees. They usually lack `formality` in terms of business licences, value-added tax (VAT) registration, formal business premises, operating permits, operating permits and accounting procedures. Most of them have a limited capital base and only rudimentary technical or business skills among their operators. However, many micro-enterprises advance into viable small businesses. Earning levels of microenterprises differ widely, depending on the particular sector, the growth phase of the business and access to relevant support.
"Non-firm prices"	means all prices other than "firm" prices;
"Person"	includes reference to a juristic person;
"Rand value"	means the total estimated value of a contract in South African currency, calculated at the time of bid invitations and includes all applicable taxes and excise duties;
“stipulated minimum threshold”	means that portion of local production and content as determined by the Department of Trade and Industry;

"Sub-Contract"	means the primary contractor's assigning or leasing or making out work to, or employing, another person to support such primary contractor in the execution of part of a project in terms of the contract;
"Survivalist Enterprise"	means a business set up by people unable to find a paid job or get into an economic sector of their choice. Income generated from these activities usually falls far short of even a minimum income standard, with little

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	capital invested, virtually no skills training in the particular field and only limited opportunities for growth into a viable business. This category is characterised by poverty and the attempt to survive.
"Tender"	means a written offer in a prescribed or stipulated form in response to an invitation by the Polokwane Municipality for the provision of services, works or goods, through price quotations, advertised competitive bidding processes or proposals;
"Total revenue"	bears the same meaning assigned to this expression as in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act, 2003 and promulgated in the Government Gazette on 9 February 2007;
"Trust"	means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person; and

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

2 Application, Objectives & General Requirements

2.1 Application

The Polokwane Municipality must, unless the Minister of Finance has directed otherwise, only apply a preferential procurement system which is in accordance with the Regulations.

2.2 Objectives

The objectives of Councils' policy are to:

- 1) Provide clarity on the municipality's approach to procurement, particularly with regards to requirements of preferential procurement;
- 2) Provide access to contracts for historical disadvantaged individuals;
- 3) Promote participation by SMMEs as defined in Annexure D and as amended from time to time;
- 4) Promote capacity development and skills transfer;
- 5) Promote Local Economic Development.

2.3 General requirements

- 1) Any specific goal required for consideration in the bidding process must be clearly determined by the Bid Specification Committee and be defined in the bid documentation, taking into account prescriptions of the Construction Industry Development Board [CIDB] in respect of construction related contracts.
- 2) Outputs required will be quantified and will form part of the contractual arrangement upon awarding of the contract.

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PREFERENCE POINT SYSTEM AND BROAD-BASED BLACK ECONOMIC EMPOWERMENT STATUS, EVALUATION OF BIDS ON FUNCTIONALITY, AWARD OF CONTRACTS TO BIDDERS NOT SCORING THE HIGHEST NUMBER OF POINTS AND THE CANCELLATION AND RE-INVITATION OF BIDS

3 Planning and stipulation of preference point system to be utilized

- 1) The Polokwane Municipality must, prior to making an invitation for bids -
 - a) properly plan for, and, as far as possible, accurately estimate the costs of the provision of services, works or goods for which an invitation for bids is to be made; and
 - b) determine and stipulate the appropriate preference point system to be utilized in the evaluation and adjudication of the bids.
 - c) determine whether the services, works or goods for which an invitation is to be made has been designated for local production and content in terms of Clause 9.

4 Evaluation of bids based on functionality

- 1) The Polokwane Municipality must in the bid documents indicate if, in respect of a particular bid invitation, bids will also be evaluated on functionality;
- 2) The evaluation criteria for measuring functionality must be objective.
- 3) When evaluating bids on functionality, the-
 - a) evaluation criteria for measuring functionality,
 - b) the weight of each criterion,
 - c) the applicable values; as well as
 - d) the minimum qualifying score for functionality, must be clearly indicated in the bid documents.
- 4) A bid must be disqualified if it fails to achieve the minimum qualifying score for functionality as indicated in the bid documents; and
- 5) Bids that have achieved the minimum qualification score for functionality must be evaluated further in terms of the preference point systems prescribed in Clause 5 and 6.
- 6) **The Municipality reserves the rights to use the quality based selection method for tenders deemed to be complex in nature.**

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5 The 80/20 preference point system for acquisition of goods, works and / or services up to a Rand value of R50 million

1)(a) The following formula must be used to calculate the points for price in respect of competitive bids / price quotations with a Rand value equal to, or above R 30 000 and up to a Rand value of R50 000 000 (all applicable taxes included):

$$Ps = 80 \frac{Pt - Pmin}{Pmin}$$

Where

Ps = Points scored for comparative price of bid / offer under consideration

Pt = Comparative price of bid / offer under consideration

Pmin = Comparative price of lowest acceptable bid / offer.

- 1)(b) The Polokwane Municipality may, however, apply this formula for price quotations with a value less than R 30 000, if and when appropriate.
- 2) A maximum of 20 points must be awarded to a bidder for attaining the B-BBEE status level contemplated in the B-BBEE Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act, 2003 and promulgated in the **Government Gazette** on 9 February 2007.
- 3) Points must be awarded to a bidder on the following basis:

B-BBEE Status Level of Contributor Number of Points

B-BBEE Status Level of Contributor	Number of Points
1	20
2	18
3	16
4	12
5	8
6	6
7	4
8	2

Non-compliant contributor	0
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- 4) The points scored by a bidder in respect of B-BBEE contribution contemplated in sub-regulation (3) must be added to the points scored for price.
- 5) Only the bid with the highest number of points scored may be selected.
- 6 The 90/10 preference point system for acquisition of goods, works and / or services with a Rand value above R50 million**

- 1) The following formula must be used to calculate the points for price in respect of bids with a Rand value above R50 000 000 (all applicable taxes included):

$$P_s = 90 \left(1 - \frac{P_t - P_{min}}{P_{min}} \right)$$

Where

P_s = Points scored for comparative price of tender or offer under consideration;

P_t = Comparative price of tender or offer under consideration; and

P_{min} = Comparative price of lowest acceptable tender or offer.

- 2) Subject to sub-clause (3), points must be awarded to a tenderer for attaining their B-BBEE status level of contributor in accordance with the table below:

B-BBEE Status Level of Contributor Number of Points

B-BBEE Status Level of Contributor	Number of Points
1	10
2	9
3	8
4	5
5	4
6	3
7	2
8	1
Non-compliant contributor	0

- 3) A maximum of 10 points be allocated in accordance with sub-clause (2).
- 4) The points scored by a tenderer in respect of the level of B-BBEE contribution contemplated in sub-clause (2) must be added to the points scored for price as calculated in accordance with sub-clause (1).
- 5) Subject to regulation 7, the contract must be awarded to the tenderer who scores the highest total number of points.

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7 Award of contracts to bids not scoring the highest number of points

A contract may be awarded to a tenderer that did not score the highest total number of points if objective criteria in addition to specific goals justify the award to another tenderer.

8 Evaluation of Bids that Scored Equal Points

In the event that two or more bids have scored equal total points, the successful bid must be the one scored the highest points for B-BBEE.

If two or more bids have equal points, including equal preference points for B-BBEE, the successful bid must be the one scoring the highest score for functionality if functionality is part of the evaluation process.

In the event that two or bids are equal in all respect, the award must be decided by the drawing of lots

9 Cancellation and re-invitation of bids

- 1) In the event that, in the application of the **80/20 preference** point system as stipulated in the tender documents:
 - a) all tenders received exceed the estimated Rand value of **R50 000 000**, the tender invitation must be cancelled.
 - b) If one or more of the acceptable tenders received are within the prescribed threshold of **R50 000 000**, all tenders received must be evaluated on the 80/20 preference point system.
- 2) In the event that, in the application of the **90/10 preference** point system as stipulated in the tender documents,
 - a) all tenders received are equal to, or below **R50 000 000** the tender must be cancelled.
 - b) If one or more of the acceptable tenders received are above the prescribed threshold of **R50 000 000** all tenders received must be evaluated on **the 90/10 preference** point system.
- 3) In the event that the Polokwane Municipality has cancelled a tender invitation as contemplated in sub-clause (1)(a) and 2(a), tenders must be re-invited and the tender documents must stipulate the correct preference point system to be applied.
- 4) The Polokwane Municipality may, prior to the award of a tender, cancel a tender if:

- a) due to changed circumstances, there is no longer a need for the services, works or goods requested, or
 - b) funds are no longer available to cover the total envisaged expenditure; or
 - c) no acceptable tenders are received.
 - d) In cases where the highest scoring bidder declines the offer, the municipality reserves the rights to appoint the second highest bidder or not based on the reasonable grounds.
- 5) The decision to cancel a tender in terms of sub-clause (4) must be published in the media in which the original tender invitation was advertised.

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LOCAL PRODUCTION AND CONTENT, B-BBEE STATUS LEVEL CERTIFICATES, CONDITIONS, DECLARATIONS, REMEDIES, AND TAX CLEARANCE

10. Local Production and Content

- 1) The Polokwane Municipality must, in the case of designated sectors, where in the award of tenders local production and content is of critical importance, advertise such tenders with a specific tendering condition that only locally produced goods, services or works or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.
- 2) The National Treasury will issue instructions, circulars and guidelines to all organs of state, with specific report mechanisms to ensure compliance with sub-clause (1).
- 3) Where there is no designated sector, the Polokwane Municipality may include, as a specific tendering condition, that only locally produced services, works or goods or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered, on condition that such prescript and threshold(s) are in accordance with the specific directives issued for this purpose by the National Treasury in consultation with the Department of Trade and Industry.
- 4) Every tender issued in terms of Clause 9 must be measurable and audited.
- 5) Where necessary, tenders referred to in sub-clause (1) and (3), a two-stage tendering process may be followed, where the first stage involves functionality and minimum threshold for local production and content and the second price and B-BBEE with the possibility of price negotiations only with the short listed tenderer/s.

11. Broad –Based Black Economic Empowerment Status Level Certificates

- 1) Tenders with annual total revenue of R5 million or less qualify as Exempted Micro Enterprises (EMEs) in terms of the Broad-Based Black Economic Empowerment Act,

and must submit a certificate issued by a registered auditor, accounting officer (as contemplated in section 60(4) of the Close Corporation Act, 1984 (Act No.69 of 1984) or an accredited verification agency.

- 2) Tenders other than exempted Micro-Enterprises (EMEs) must submit their original and valid B-BBEE status level verification certificate or a certified copy thereof or **written affidavits**, substantiating their B-BBEE rating.
- 3) The submission of such certificates must comply with the requirements of instructions and guidelines issued by the National Treasury and be in accordance with notices published by the Department of Trade and Industry in the *Government Gazette*.

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- 4) The B-BBEE status level attained by the tenderer must be used to determine the number of points contemplated in regulations 5(2) and 6(2).

12. Conditions

- 1) Only a tenderer who has completed and signed the declaration part of the tender documentation may be considered.
- 2) The Polokwane Municipality must, when calculating comparative prices, take into account any discounts which have been offered unconditionally.
- 3) A discount which has been offered conditionally must, despite not being taken into account for evaluation purposes, be implemented when payment is processed.
- 4) Points scored must be rounded off to the nearest 2 decimal places.
- 5)
 - a) In the event that two or more tenders have scored equal total points, the successful tender must be the one scoring the highest number of preference points for B-BBEE.
 - b) However, when functionality is part of the evaluation process and two or more tenders have scored equal points including equal preference points for BBEE, the successful tender must be the one scoring the highest score for functionality.
 - c) Should two or more tenders be equal in all respects, the award shall be decided by the drawing of lots.
- 6) A trust, consortium or joint venture will qualify for points for their B-BBEE status level as a legal entity, provided that the entity submits their B-BBEE status level certificate.
- 7) A trust, consortium or joint venture will qualify for points for their B-BBEE status level as an unincorporated entity, provided that the entity submits their consolidated B-

BBEE scorecard as if they were a group structure and that such a consolidated B-BBEE scorecard is prepared for every separate tender.

- 8) A person must not be awarded points for B-BBEE status level if it is indicated in the tender documents that such a tenderer intends sub-contracting more than 25% of the value of the contract to any other enterprise that does not qualify for at least the points that such a tenderer qualifies for, unless the intended subcontractor is an exempted micro enterprise that has the capability and ability to execute the sub-contact.
- 9) A person awarded a contract may not sub-contract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level than the person concerned, unless the contract is sub-contracted to an exempted micro enterprise that has the capability and ability to execute the sub-contract.

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- 10) A person awarded a contract in relation to a designated sector, may not subcontract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.
- 11) When the Polokwane Municipality is in need of a service provided by only tertiary institutions, such services must be procured through a tendering process from the identified tertiary institutions.
- 12) Tertiary institutions referred to in sub-clause (11) will be required to submit their B-BBEE status in terms of the specialized scorecard contained in the B-BBEE Codes of Good practice.
- 13)
 - a) Should the Polokwane Municipality require a service that can be provided by one or more tertiary institutions or public sector, the appointment of a contractor must be done by means of a tendering process;
 - b) Public entities will be required to submit their B-BBEE status in terms of the specialised scorecard contained in the B-BBEE Codes of Good Practice.

13. Declarations

- 1) A tender must, in the manner stipulated in the document, declare that-
 - a) the information provided is true and correct;
 - b) the signatory to the tender document is duly authorised; and
 - c) documentary proof regarding any tendering issue will, when required, be submitted to the satisfaction of the Polokwane Municipality.

14. Remedies

- 1) The Polokwane Municipality must, upon detecting that-
 - a) The B-BBEE status level of contribution has been claimed or obtained on a fraudulent basis; or
 - b) any of the conditions of the contract have not been fulfilled, act against the tenderer or person awarded the contract.
- 2) The Polokwane Municipality may, in addition to any other remedy it may have against the person contemplated in sub-clause (1) -
 - a) disqualify the person from the tendering process;
 - b) recover all costs, losses or damages it has incurred or suffered as a result of that person's conduct;
 - c) cancel the contract and claim any damages it has suffered as a result of having to make less favourable arrangements due to such cancellation;
 - d) restrict the tenderer or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, from obtaining

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- business from any organ of state for a period not exceeding 10 years, after the *audi alteram partem* (hear the other side) rule has been applied; and
- e) forward the matter for criminal prosecution.

15. Tax clearance

No tender may be awarded to any person whose tax matters have not been declared by the South African Revenue Services to be in order.

16. Mechanisms to support preferential procurement

- 1) Determination of bid requirements in relation to bid value
The municipality will set targets for the supply of goods and services, and link specific requirements relating to enterprise with HDI ownership and/or SMME status.
- 2) Establishment/maintain a database of SMME service providers
The municipality will establish a database of HDI, SMME and other service providers in order to track their records of services to the municipality.
- 3) Creation of an enabling environment
The municipality will create an enabling environment to enable SMMEs to become part of the supply chain management process. Steps to be taken include, but are not limited to:
 - a) Surety Requirements

See the SCM Policy, clause 21(1)(f) regarding the lesser extent that sureties are called for.

b) Access to Bidding Information

Bidding and related information will, where possible and practical, be made available in a simplified and uncomplicated format to assist new and emerging enterprises and any business or organisation bidding for municipal business.

c) Bidding Advice Centre

Assistance will, where practically possible, be provided by the SCM Unit to increase SMME awareness and share in the supply chain and procurement process.

d) Sub-Contracting

The procurement of goods and services for any project or other requirement of the municipality should cater for the engagement of sub-contractors. This will provide opportunities for smaller businesses to increase their share in public sector procurement.

e) Proposed Process

- i) Bids shall be packaged into suitably sized segments of subcontractors to target SMMEs wherever possible.
- ii) A review of all term (period) contracts shall be undertaken to assess the viability of packaging these into smaller sub-contracts. These bids should be

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issued in smaller manageable sub-contracts so that preference can be given to local SMMEs.

- iii) Appropriate standards, specifications, delivery dates and related contractual obligations shall be employed to help smaller businesses to cope and compete.

f) Standard payment terms

- i) All money owed by the municipality must be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.

i

g) Simplification of Tender Documentation

- i) Bid submission documents will be rationalised and simplified to make it easier for small businesses to deal with the paperwork involved in tendering.

- ii) All bid submission forms shall be regularly reviewed and the various bid/contractual documents shall be standardised as far as possible.
 - iii) Essential information shall be consolidated and bid forms reformatted in line with the aims of this policy.
- h) Retention
- i) Retention on Major contracts should be limited to 5% of the tender sum.
Where the value of the surety required has been reduced, or even waived, the usual 10% retention shall apply. The value of retention deducted will therefore be as follows:
 - a) **Micro and Minor:** 10% of the value of work carried out with no limit, reducing to 5% for the duration of the maintenance period.
 - b) **Major:** 10% of the value of the work carried out, up to a limit of 5% of the tender sum, with no reduction for the duration of the maintenance period.
 - ii) Retention in respect of the procurement of goods and services will not generally be called for, but where required, will be in accordance with the limits described above.
 - iii) For turnkey/design and construction projects, the above retention limits may be reviewed by the Municipality's Director: Infrastructure and Planning.
- i) Bid Advertising
- In order to reach the largest number of HDI owned and SMME service providers possible, the Municipality will advertise invitations to bid through a range of media..
- a) The Municipality will provide an appropriate time period within which bidders can request additional clarification and will be sensitive to the issues of language in this regard.

17. **SHORT TITLE**

This part of the policy is called the Preferential Procurement Policy of the Polokwane Municipality.

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ANNEXURE A

GENERAL PRINCIPLES GOVERNING THE MUNICIPALITY IN ITS INTERACTION WITH BIDDERS

In dealing with bidders bidding for municipal work, the municipality will adhere to the basic principles of:

1 Efficiency

- a) The municipal officials must administer the procurement process in the most efficient manner possible, avoiding time delays and duplication of activities.
- b) Where such delays are unavoidable, the municipal officials must inform all bidders of the nature of the delay and the revised time frames.

2 Courtesy

All staff members of the Municipality will deal with bidders in a courteous and respectful manner.

3 Transparency

- a) All bid processes will be open to the legal scrutiny of the public and interested parties.
- b) The Municipality will take all reasonable steps to ensure that the processes are clearly defined and understandable to all interested parties.

4 Access to information

The Municipality will take reasonable steps to ensure that all bidders have equal access to information on the goods or services to be bid for, as well as the bid process itself.

5 Fair distribution of work

The Municipality will take reasonable steps to make sure that the procurement of goods or services is fairly distributed amongst the service providers in the event of equality of bids. This will be done to avoid the excessive procurement of goods or services from one provider/supplier only.

6 Competition

The municipality will encourage fair competition between suppliers that provide goods and services to it.

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ANNEXURE B

CRITERIA TO EVALUATE TECHNICAL AND FINANCIAL ABILITY

Regardless of the scope and value of the contracts involved, all contracts will be judged on grounds of:

1. Compliance with bid conditions:

- 1.1 Bids submitted on time
- 1.2 Bid forms signed.
- 1.3 All essential information provided

2. Meeting technical specifications and compliance with bid conditions

- 2.1 Where requested in bid documentation, bidders must describe how they will produce the required outputs outlined in the bid documentation in terms of either goods or services.
- 2.2 The ability to produce the required goods or services within the stated time frame may be included as criteria for compliance.

3. Infrastructure and resources available

Bidders must indicate their capacity i.e. the extent of infrastructure under their control and resources available to enable them to execute the contract.

4. Quality/ Durability

- 4.1 Where requested, bidders must provide evidence that they will be able to adhere to generally accepted levels of quality in the provision of the product or services under consideration.
- 4.2 Where bidders are so requested, they must clearly explain their mechanisms for quality assurance and review.

5. Size of enterprise and current workload

- 5.1 Bidders must give an indication of the resources available for the contract they are bidding on.
- 5.2 Bidders must give an indication of the number and value of other contracts being undertaken by them at the date of bid, as to enable the Municipality to ascertain their ability to execute the contract.

6. Staffing profile

- 6.1 Bidders must indicate the number of full-time employees employed by the company in Polokwane and Overberg at the time of bidding. Such information

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must include a breakdown in terms of race and gender at top and middle management levels.

6.2 Bidders must also indicate the experience of top and middle management staff, especially where the experience of the company as a whole is limited.

6.3 Bidders must indicate the number of disabled persons employed.

7. Previous experience

7.1 Bidders must indicate the number of years that they have been operating their business.

7.2 Bidders must provide evidence of previous experience in providing the goods or services under consideration, by providing a minimum of three contactable and relevant references.

8. Financial ability to execute the contract

8.1 Bidders must indicate the revenue generated by their company in the previous financial year.

8.2 Bidders must provide an indication of their financial ability to execute the contract.

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ANNEXURE C

CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT 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 (SCM) are in a position of trust, implying a duty to act in the public interest. Officials and other role players should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.
- 1.2 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

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

- 2.1 must treat all providers and potential providers equitably;

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- 2.2 may not use his or her position for private gain or to improperly benefit another person;
- 2.3 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;
- 2.4 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;
- 2.5 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 ;
- 2.6 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;
- 2.7 must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;
- 2.8 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
- 2.9 should not take improper advantage of their previous office after leaving their official position.

3 Accountability

- 3.1 Practitioners are accountable for their decisions and actions to the public.
- 3.2 Practitioners should use public property scrupulously.
- 3.3 Only accounting officers or their delegates have the authority to commit the municipality to any transaction for the procurement of goods and / or services.
- 3.4 All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system.

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- 3.5 Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.
- 3.6 Practitioners must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system.
- 3.7 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.
- 3.8 Any declarations made must be recorded in a register which the accounting officer must keep for this purpose.
- 3.9 Any declarations made by the accounting officer must be made to the mayor who must ensure that such declaration is recorded in the register.

4 Openness

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

5 Confidentiality

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

6 Bid Specification / Evaluation / Adjudication Committees

- 6.1 Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the municipality in an honest, fair, impartial, transparent, cost-effective and accountable manner.
- 6.2 Bid evaluation / adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.
- 6.3 All members of bid adjudication committees should be cleared by the accounting officer at the level of "CONFIDENTIAL" and should be required to declare their financial interest annually.

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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 / bid after its submission.

7. Combative Practices

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

- 7.1 Suggestions to fictitious lower quotations;
- 7.2 Reference to non-existent competition;
- 7.3 Exploiting errors in price quotations / bids;
- 7.4 Soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters

**POLOKWANE MUNICIPALITY
SUPPLY CHAIN MANAGEMENT POLICY – PART C**

**Polokwane Municipality's SCM Policy for
Infrastructure procurement and delivery management**

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¹ **Scope**

This policy establishes the Polokwane Municipality's policy for infrastructure procurement and delivery management in accordance with the provisions of the regulatory frameworks for procurement and supply chain management. It includes the procurement of goods and services necessary for a new facility to be occupied and used as a functional entity but excludes:

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

² **Terms, definitions and abbreviations**

2.1 Terms and definitions

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

Agent: person or organization that is not an employee of Polokwane that acts on the Polokwane's behalf in the application of this document

Authorised person: the municipal manager or chief executive or the appropriately delegated authority to award, cancel, amend, extend or transfer a contract or order

Conflict of interest: any situation in which:

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

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

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

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

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

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

Gratification: an inducement to perform an improper act

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

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

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

Operation: combination of all technical, administrative and managerial actions, other than maintenance actions, that results in the item being in use

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

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

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

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

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

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

2.2 Abbreviations

For the purposes of this document, the following abbreviations apply

CIDB: Construction Industry Development Board

SARS: South African Revenue Services

3 General requirements

3.1 Delegations

3.1.1 The **Council of Polokwane** hereby delegates all powers and duties to the Municipal Manager which are necessary to enable the Municipal Manager to:

- a) discharge the supply chain management responsibilities conferred on accounting officers in terms of Chapter 8 or 10 of the Local Government Municipal Finance Management Act of 2003 and this document;
- b) maximise administrative and operational efficiency in the implementation of this document;

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

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

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

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

- a) within 30 days of the end of each financial year, submit a report on the implementation of this the policy and the equivalent policy of any municipal entity under the sole or shared control of the Polokwane Municipality, to the council of the Polokwane Municipality / within 20 days of the end of each financial year, submit a report on the implementation of this policy to the board of directors, who must then submit the report to the municipal manager of Polokwane Municipality for submission to the council;
- b) whenever there are serious and material problems in the implementation of this policy, immediately submit a report to the Council,
- c) within 10 days of the end of each quarter, submit a report on the implementation of the policy to the Executive Mayor; and
- d) make the reports public in accordance with section 21A of the Municipal Systems Act of 2000.

3.2 Implementation of the Standard for Infrastructure Procurement and Delivery Management

3.2.1 Infrastructure procurement and delivery management shall be undertaken in accordance with the all applicable legislation and the relevant requirements of the latest edition if the National Treasury Standard for Infrastructure Procurement and Delivery Management.⁵

3.2.2 Pre-feasibility and feasibility reports are required on 15 June 2016

3.3 Supervision of the infrastructure delivery management unit

The Infrastructure Delivery Management Unit shall be directly supervised by the Chief Financial Officer.

3.4 Objections and complaints

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

3.5 Resolution of disputes, objections, complaints and queries

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

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

3.5.2 The Designated person shall assist the person appointed in terms of 3.5.1 to perform his or her functions effectively.

3.5.3 The person appointed in terms of 3.5.1 shall:

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

3.5.4 A dispute, objection, complaint or query may be referred to the **Limpopo Treasury** if:

- a) the dispute, objection, complaint or query is not resolved within 60 days; or
- b) no response is forthcoming within 60 days.

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

4

Control framework for infrastructure delivery management

4.1 Assignment of responsibilities for approving or accepting end of stage deliverables¹²

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

4.4 Gateway reviews

4.4.1 Gateway reviews for major capital projects above a threshold

4.4.1.1 The Municipal Manager shall appoint a gateway review team in accordance with the provisions of clause 4.1.13.1.2 of the standard to undertake gateway reviews for major capital projects.

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

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

Stage		Person assigned the responsibility for approving or accepting end of stage deliverable
NO	Name	
0	Project Initiation	Director Engineering accepts the initiation report
1	Infrastructure planning	Director Engineering approves the infrastructure plan
2	Strategic resourcing	Director Engineering approves the delivery and /or procurement strategy
3	Pre-feasibility	Director Engineering accepts the pre-feasibility report
	Preparation and Briefing	Director Engineering accepts the strategic brief
	Feasibility	Director Engineering accepts the feasibility report
4	Concept and Viability	Director Engineering accepts the concepts report
5	Design Development	Director Engineering accepts the design development report
6	Design Documentation	6A Production Information
		6B Manufacture fabrication and construction information
		Director Engineering accepts the parts of the production information which are identified when the design development report is accepted as requiring acceptance
		The Contract manager accepts the manufacture, fabrication and construction information

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

⁵ **Control framework for infrastructure procurement**

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

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

- a) The Municipal Manager shall grant approval for the issuing of the procurement documents, based on the contents of a documentation review report developed in accordance with the provisions of the standard;

- b) the authorised person may award the contract if satisfied with the recommendations contained in the evaluation report prepared in accordance with the provisions of the standard.

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

6 **Infrastructure delivery management requirements**

6.1 **Institutional arrangements**

6.1.1 **Committee system for procurement**

6.1.1.1 **General**

6.1.1.1.1 A committee system comprising the documentation committee, evaluation committee and tender committee shall be applied to all procurement procedures where the estimated value of the procurement exceeds the financial threshold for quotations and to the putting in place of framework agreements.

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

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

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

Activity		Sub-Activity (see Table 3 of the standard)		Key action	Person assigned responsibility to perform key action
1*	Establish what is to be procured	1.3 PG1	Obtain permission to start with the procurement process	Make a decision to proceed / not to proceed with the procurement based on the broad scope of work and the financial estimates.	Municipal Manager
2*	Decide on procurement strategy	2.5 PG2	Obtain approval for procurement strategies that are to be adopted including specific approvals to approach a confined market or the use of the negotiation procedure	Confirm selection of strategies so that tender offers can be solicited	Municipal Manager
3	Solicit tender offers	3.2 PG3	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	Procurement documentation committee
		3.3 PG4	Confirm that budgets are in place	Confirm that finance is available for the procurement to take place	Chief Financial Officer
4	Evaluate tender offers	4.2 PG5	Obtain authorisation to proceed with next phase of tender process in the qualified, proposal or competitive negotiations procedure	Review evaluation report, ratify recommendations and authorise progression to the next stage of the tender process	Manager: Supply Chain Management
		4.7 PG6	Confirm recommendations contained in the tender evaluation report	Review recommendations of the evaluation committee and refer back to evaluation committee for reconsideration or make recommendation for award	Tender committee
5	Award contract	5.3 PG7	Award contract	Formally accept the tender offer in writing and issue the contractor with a signed copy of the contract	Municipal Manager
		5.5 GF1	Upload data in financial management and payment system	Verify data and upload contractor's particulars and data associated with the contract or order	Chief Financial Officer

Table 2 (concluded)

Activity		Sub-Activity		Key action	Person assigned responsibility to perform key action
6	Administer contracts and confirm compliance with requirements	6.4 PG8A	Obtain approval to waive penalties or low performance damages.	Approve waiver of penalties or low performance damages	Municipal Manager
		6.5 PG8B	Obtain approval to notify and refer a dispute to an adjudicator	Grant permission for the referral of a dispute to an adjudicator or for final settlement to an arbitrator or court of law	Municipal Manager
		6.6 PG8C	Obtain approval to increase the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at the award of a contract or the issuing of an order up to a specified percentage ²¹	Approve amount of time and cost overruns up to the threshold	Municipal Manager
		6.7 PG8D	Obtain approval to exceed the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at award of a contract or the issuing of an order by more than 20% and 30%, respectively	Approve amount of time and cost overruns above a the threshold	Municipal Manager
		6.8 PG8E	Obtain approval to cancel or terminate a contract	Approve amount	Municipal Manager
		6.9 PG8F	Obtain approval to amend a contract	Approve proposed amendment to contract	Municipal Manager

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

6.1.1.3

Activity		Key action	Person assigned responsibility to perform key action
1 FG1	Confirm justifiable reasons for selecting a framework contactor where there is more than one framework agreement covering the same scope of work	Confirm reasons submitted for not requiring competition amongst framework contractors or instruct that quotations be invited	Municipal Manager
3 FG2	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	Municipal Manager
4 FG3	Confirm that budgets are in place	Confirm that finance is available so that the order may be issued	Chief Financial Officer
6 FG4	Authorise the issuing of the order	If applicable, review evaluation report and confirm or reject Recommendations. Formally accept the offer in writing and issue the contractor with a signed copy of the order	Chief Financial Officer

Evaluation committee

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

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

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

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

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

6.1.1.3.4 No tender submitted by a member of, or technical adviser or subject matter expert who participates in the work of the procurement documentation committee or a family member or associate of such a member, may be considered by the evaluation committee.

6.1.1.3.5 The chairperson of the evaluation committee shall promptly notify the Chief Financial Officer of any respondent or tenderer who is disqualified for having engaged in fraudulent or corrupt practices during the tender process.

6.1.1.4 Tender committee²³

6.1.1.4.1 The tender committee shall comprise of least four Senior Managers or their mandated delegate including the following :

- a) Chief Financial Officer who shall be the chairperson:
- b) Manager Supply Chain Management
- c) Technical Expert in the relevant field

6.1.1.4.2 No member of the evaluation committee may serve on the tender committee. A member of an evaluation committee may, however, participate in the deliberations of a tender committee as a technical advisor or a subject matter expert.

6.1.1.4.3 The tender committee shall:

- a) consider the report and recommendations of the evaluation committee and:
 - 1) verify that the procurement process which was followed complies with the provisions of this document;
 - 2) confirm that the report is complete and addresses all considerations necessary to make a recommendation;
 - 3) confirm the validity and reasonableness of reasons provided for the elimination of tenderers; and
 - 4) consider commercial risks and identify any risks that have been overlooked or fall outside of the scope of the report which warrant investigation prior to taking a final decision; and
- b) refer the report back to the evaluation committee for their reconsideration or make a recommendation to the authorised person on the award of a tender, with or without conditions, together with reasons for such recommendation.

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

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

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

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

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

6.1.1.4.8 The tender committee may on justifiable grounds and after following due process, disregard the submission of any tenderer if that tenderer or any of its directors, members or trustees or partners has abused the delivery management system or has committed fraud, corruption or any other improper

be informed where such tenderers are disregarded.

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

6.1.2.1 Award of a contract

6.1.2.1 The authorised person shall, if the value of the contract inclusive of VAT, is within his or her delegation, consider the report(s) and recommendations of the tender committee, or in the case of the awards for contracts below the quotation threshold, the recommendation of the

6.1.1.4.4 No member of the evaluation committee may serve on the tender committee. A member of an evaluation committee may, however, participate in the deliberations of a tender committee as a technical advisor or a subject matter expert.

6.1.1.4.5 The tender committee shall:

- c) consider the report and recommendations of the evaluation committee and:
 - 1) verify that the procurement process which was followed complies with the provisions of this document;
 - 2) confirm that the report is complete and addresses all considerations necessary to make a recommendation;
 - 3) confirm the validity and reasonableness of reasons provided for the elimination of tenderers; and
 - 4) consider commercial risks and identify any risks that have been overlooked or fall outside of the scope of the report which warrant investigation prior to taking a final decision; and
- d) refer the report back to the evaluation committee for their reconsideration or make a recommendation to the authorised person on the award of a tender, with or without conditions, together with reasons for such recommendation.

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

6.1.1.4.9 The tender committee shall consider the merits of an unsolicited offer and make a recommendation to the Municipal Manager.

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

6.1.1.4.11 The tender committee shall not make a recommendation for an award of a contract or order if the recommended tenderer or framework contractor has:

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

6.1.1.4.8 The tender committee may on justifiable grounds and after following due process, disregard the submission of any tenderer if that tenderer or any of its directors, members or trustees or partners has abused the delivery management system or has committed fraud, corruption or any other improper

be informed where such tenderers are disregarded.

6.1.3 Actions of an authorised person relating to the award of a contract or an order

6.1.2.2 Award of a contract

6.1.2.1 The authorised person shall, if the value of the contract inclusive of VAT, is within his or her delegation, consider the report(s) and recommendations of the tender committee, or in the case of the awards for contracts below the quotation threshold, the recommendation of the designated person and either:

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

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

6.1.2.3 Issuing of an order

The authorised person shall, if the value of an order issued in terms of a framework contract, is within his
Of the _____ as

Relevant, and either:

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

6.1.3 Conduct of those engaged in infrastructure delivery

6.1.3.1 General requirements

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

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

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

- a) not perform any duties to unlawfully gain any form of compensation, payment or gratification from any person for themselves or a family member or an associate;
- b) perform their duties efficiently, effectively and with integrity and may not use their position for private gain or to improperly benefit another person;

- c) strive to be familiar with and abide by all statutory and other instructions applicable to their duties;
- d) furnish information in the course of their duties that is complete, true and fair and not intended to mislead;
- e) ensure that resources are administered responsibly;
- f) be fair and impartial in the performance of their functions;
- g) at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual;
- h) not abuse the power vested in them;
- i) not place themselves under any financial or other obligation to external individuals or firms that might seek to influence them in the performance of their duties;
- j) assist Polokwane Municipality in combating corruption and fraud within the infrastructure procurement and delivery management system;
- k) not disclose information obtained in connection with a project except when necessary to carry out assigned duties;
- l) not make false or misleading entries in reports or accounting systems; and
- m) Keep matters of a confidential nature in their possession confidential unless legislation, the performance of duty or the provision of the law require otherwise.

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

6.1.3.2 Conflicts of interest

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

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

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

6.1.3.2.3 Agents who prepare a part of a procurement document may in exceptional circumstances, where it is in Polokwane Municipality's interest to do so, submit a tender for work associated with such documents provided that:

- a) Polokwane Municipality states in the tender data that such an agent is a potential tenderer;
- b) all the information which was made available to, and the advice provided by that agent which is relevant to the tender, is equally made available to all potential tenderers upon request, if not already included in the scope of work; and
- c) the procurement documentation committee is satisfied that the procurement document is objective and unbiased having regard to the role and recommendations of that agent.

6.1.3.3 Evaluation of submissions received from respondents and tenderers

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

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

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

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

6.1.3.4 Non-disclosure agreements

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

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

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

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

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

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

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

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

6.1.3.6 Reporting of breaches

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

6.1.4 Measures to prevent abuse of the infrastructure delivery system

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

6.1.3.5 Gratifications, hospitality and gifts

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

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

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

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

6.1.3.5.6 All employees and agents of Polokwane Municipality may for the purpose of fostering inter-personal business relations accept the following:

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

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

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

6.1.3.7 Reporting of breaches

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

6.1.5 Measures to prevent abuse of the infrastructure delivery system

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

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

6.1.5 Awards to persons in the service of the state

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

- a) a member of any municipal council, any provincial legislature, or the National Assembly or the National Council of Provinces;
- b) a member of the board of directors of any municipal entity;
- c) an official of any municipality or municipal entity;

