



# **SUPPLY CHAIN MANAGEMENT**

## **PANEL ALLOCATION**

### **MANUAL**

**2025/2026**

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

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**POLOKWANE MUNICIPALITY**  
**SUPPLY CHAIN MANAGEMENT PANEL ALLOCATION PROCEDURE MANUAL – PART A**

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**PART A**

**MUNICIPAL SUPPLY CHAIN MANAGEMENT PANEL ALLOCATION PROCEDURE MANUAL**

The Council of the Polokwane Municipality resolved on ..... 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 Panel Allocation Procedure Manual.

## 1. Definitions

In this Manual, 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 –

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

**“CIDB”** means Construction Industry Development Board

**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.

**Specific goals** Means specific goals as contemplated in section 2(1)(d) of the Act which may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender and disability including the implementation of programmes of the Reconstruction and Development Programme as published in Government Gazette No. 16085 dated 23 November 1994

**Stakeholder** Means a Supplier, Contractor, Service Provider that will be providing goods or services to the Municipality.

## **2. Preamble**

In recognition of the vital role that stakeholders play in contributing to the effective functioning and development of our municipality, this Allocation Manual is established to provide a transparent, fair, and accountable framework for the allocation and deployment of stakeholders appointed to a panel within the Municipality. The Municipality is committed to upholding the principles of good governance, ethical conduct, and efficiency in the utilization of external expertise to enhance service delivery and meet the diverse needs of the community.

This manual aims to foster a collaborative and mutually beneficial relationship between the municipality and stakeholders, ensuring that the allocation of services aligns with the strategic objectives, priorities, and regulatory requirements of the Municipality. By establishing clear guidelines for the, project assignments, this manual seeks to enhance the overall effectiveness of stakeholder engagements while promoting economic development, job creation, and the empowerment of local businesses.

## **3. Objectives**

The objectives of this Allocation Manual are centered around establishing a transparent, fair, and accountable framework for allocating service providers within the Municipality. Emphasizing transparency and fairness, the manual aims to ensure equal opportunities for all service providers through an equitable allocation method. It seeks to promote healthy competition among service providers, prevent monopolies, and encourage diversity. The manual is committed to empowering local businesses, particularly historically disadvantaged enterprises, contributing to economic development and fostering sustainable community growth.

## **4. Legislative Framework**

The municipality's operations are governed by an array of different acts and this policy should be understood within that context.

The following Acts and prescripts are central in defining the municipality's boundaries and areas of influence:

- Local Government: Municipal Structures Act, 1998 (Act of 117 of 1998)
- Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)
- Local Government: Municipal Finance Management Act, 2003 (Act 53 of 2003)
- Supply Chain Management Regulations – GG 27636 – 30 May 2005
- Preferential Procurement Policy Framework Act and Regulations
- Treasury Regulations
- National Treasury MFMA Circulars
- MFMA Circular 96 : Implementation of SCM Regulation 32 ( 2019)
- National Treasury guidelines and prescripts

## **5. Contract Management**

All contracts must be managed throughout the contract Life Cycle, based on the level of management control appropriate for the classification of that contract. Good contract management by all stakeholders involved is essential for good financial management and will contribute greatly to the effectiveness and efficiency of service delivery.

Polokwane Municipality appoint panels of various Service Providers and Suppliers for various projects and Services for both Capital Projects (CAPEX) and Operational Projects (OPEX).

## **6. Method of allocation**

The services are allocated to the stakeholders that are appointed on a panel, on a rotational basis, for operational services, Maintenance Services, Stock Items and Emergency Services and by requesting three quotations from stakeholders on a rotational basis for Capital Projects (CAPEX) as and when needs arise.

Different types of Panels:

### **1. Capital Projects**

- Construction Services
- Infrastructure Services
- Electrical Services

### **2. Operational Services**

- Professional Services e.g Consultants
- Stock items / Supply and Delivery
- Maintenance / Emergency Services

Allocation Processes are as follows:

- **Capital Projects**

The End-Users to submit Specification and BOQ to Supply Chain Management.

Supply Chain Manager and Admin Assistant to request the quotations.

The first three service providers from the list will be chosen to provide a quotation to the Municipality. The service provider who meets the minimum requirements will be recommended.

Supply Chain Management will then verify the compliance of the quotations based on the requirements and specifications and send the compliance report to the Bid Adjudication Committee for recommendation to the Accounting Officer.

- **Operational Projects**

The Service Providers will be allocated on a rotational basis using a rotational plan (Excel Format).

Each Service Provider on a panel will be allowed to provide a service.

The end user will be responsible for the maintenance of the rotational plan.

Due to the nature of maintenance services, it is suggested that for Operational Projects/Services, the Head of Directorate (i.e., the Director) be allowed to manage the allocation on a rotational basis guided by the rotational plan developed by SCM.

To ensure accountability, the affected directorates must then be required to submit weekly reports to the SCM Manager indicating weekly and cumulative allocations.

- **Legal Services**

In allocating the work relating to legal services, the following considerations will be made:

- a) The urgency or non-urgency of the matter,
- b) Complexity of the required service, and
- c) Supplier expertise, skills and performance with the specific type of work

1. Procedures to be followed:

- ✓ The Legal Services unit will categorise/group the appointed panel into different specialization areas as per tender document.
- ✓ The Legal Services unit will be responsible for the maintenance of the rotation plan in line with the specialization areas as per above.
- ✓ The provisions of Section 36 of the Municipal Supply Chain Management Regulations will apply in case of emergency or urgent cases
- ✓ In a case where the attorney is dealing with a matter and the same matter proceeds on appeal or review, the same attorney is recommended to proceed with the appeal or review application to avoid interruptions and incurring additional costs of engaging a new attorney.

### **Scoring for Capital Projects**

The service providers will be evaluated according to Price, Specific Goals, and CIDB grading.

The service provider with the highest points will be allocated the work.

## 7. Request for allocation by SBUs

7.1. The following documentation must be attached to the request for allocation memo:

- Unpriced BOQ
- Project cost estimation
- CIDB grading for the project
- Segment enquiry for the specific project
- Any documentation in line with section 11 of SCM allocation procedure manual
- PM number should be specified in the request for allocation memo

7.2. Once the above information is submitted, the SCM process will be concluded within 15 working days.

7.3. The user departments must submit requests for allocation for all the projects for the next financial year 30 days before the start of the new financial year.

## 8. Preference Point System

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

8.1.1 (a) The following formula must be used to calculate the points out of 80 for price in respect of competitive bids / price quotations with a Rand value equal to or below a Rand value of R50 000 000 (all applicable taxes included):

$$P_s = 80 \quad 1 - \frac{P_t - P_{min}}{P_{min}}$$



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 R30,000, if and when appropriate.

8.1.2 A maximum of 20 points must be awarded to a bidder for the Specific goal specified in the tender.

8.1.3 The Points scored for the specific goal must be added to the points scored for the price and the total must be rounded off to the nearest two decimal places.

8.1.4 Only the bid with the highest number of points scored may be selected or awarded the bid.

## **8.2. The 90/10 preference point system for acquisition of goods, works and / or services with a Rand value above R50 million**

8.2.1. The following formula must be used to calculate the points out of 90 for price in respect of bids with a Rand value above R50 000 000 (all applicable taxes included):

$$Ps = 90 \quad 1 - \frac{Pt - Pmin}{Pmin}$$

Where

Ps = Points scored for comparative price of tender or offer under consideration; Pt = Comparative price of tender or offer under consideration; and

Pmin = Comparative price of lowest acceptable tender or offer.

**A maximum of 10 points may be awarded to a bidder for the Specific goal specified in the tender.**

8.2.2. The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.

8.2.3. Only the bid with the highest number of points scored may be selected or awarded the bid.

## **8.3 Preference points for specific goals as follow:**

**A maximum of 20 points may be awarded to a Service Provider for the specific goal.**

**80/20**

A maximum of points may be awarded to a Service Provider for the specific goal for the Project.

<b>Preference points for specific goals</b>	<b>Means of verification</b>	<b>Number of Points</b>
Black	Identification Document	0-20
Woman	Identification Document	0-20
People with disability	Medical report indicating disability	0-20
Youth	Identification Document	0-20
Locality	Proof of Residence	0-20

**90/10**

A maximum of points may be awarded to a Service Provider for the specific goal for the Project.

<b>Preference points for specific goals</b>	<b>Means of verification</b>	<b>Number of Points</b>
Black	Identification Document	0-10
Woman	Identification Document	0-10
People with disability	Medical report indicating disability	0-10
Youth	Identification Document	0-10
Locality	Proof of Residence	0-10

**9. Criteria for breaking deadlock in scoring**

If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for specific goals.

If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.

## 10. CIDB Grading

The contractors will submit their CIDB gradings with their quotations to determine their ability to carry out the work. The table below specifies the CIDB gradings relative to the contract amount of the work.

Designation	Maximum value of contract that a contractor is considered capable of performing
2	R1 000 000
3	R3 000 000
4	R6 000 000
5	R10 000 000
6	R20 000 000
7	R60 000 000
8	R200 000 000
9	No limit

## 11. Performance management

Non-performance by contractors or failure to fulfill contractual obligations will be considered when allocating work to the panelist. Directors must provide supporting documentation, such as termination letters or non-performance letters that are approved by the Accounting Officer, to SCM for consideration before allocation is made by SCM in case of capital projects.

The user department must consider termination letter or performance letters when allocating operational work to the panelists.

## 12. DATE OF IMPLEMENTATION

This policy takes effect from 1 July 2025 and will be reviewed annually during the budgetary process of the Municipality.

“END”