

WDM SCM POLICY
APPROVED BY COUNCIL ON 28 May 2015

SUPPLY CHAIN MANAGEMENT POLICY

Effective Date 1 July 2015

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**WATERBERG
DISTRICT MUNICIPALITY**



Supply Chain Management Policy
Reviewed



on the Go for Growth

WDM SCM POLICY
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Abbreviation

AO	Accounting Officer (Municipal Manager)
BAC	Bid Adjudication Committee
BBBEEA	Broad Based Black Economic Empowerment Act (Act 53 of 2003).
BVA	BEE Verification Agency
BEC	Bid evaluation committee
BSC	Bid Specification Committee
CCA	Closed Corporations Act, Act No 69 of 1984
CIDB	Construction Industry Development Board
CFO	Chief Financial Officer
EME	Emerging Micro Enterprise
HDI	Historically Disadvantaged Individual
HOD	Head of Department (S57 manager)
IRBA	Independent Regulatory Board of Auditors
MFMA	Municipal Finance Management Act, 2003 (Act 56 of 2003) ("the Act")
NT	National Treasury
PPFA	Preferential Procurement Policy Framework Act (Act 5 of 2000)
PPR	Preferential Procurement Regulations, 2011
PSP	Professional Service Provider
PT	Provincial Treasury
QSE	Qualifying Small Enterprise
RFI	Request for Information
RFQ	Request for Qualification
SANAS	South African National Accreditation System
SARB	South African Reserve Bank
SARS	South African Revenue Services
SASAE	South African Standard on Assurance Engagements
SCM	Supply Chain Management
SCP	Supply Chain Procedures
SITA	State Information Technology Agency
SARS	South African Revenue Services
SABS	South African Bureau of Standards
SMME	Small Medium and Micro Enterprise
TOR	Terms of Reference
WDM	Waterberg District Municipality

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List of Definitions

In this policy, unless the context indicates otherwise, a word or expression to which a meaning has been assigned in the MFMA and/or the procurement regulations has the same meaning as in the MFMA and/or the procurement regulations, and: -

“Acceptable Bid”- means any bid or quotation which, in all respects, complies with the specification and conditions as set out in the procurement document, upon which a final award will be made;

“Accounting Officer” - means a municipal official appointed in terms of section 60 of Municipal Finance Management Act, 2003 or the person who has been appointed to perform the functions in the absence of the accounting officer or during a vacancy;

“BBBEE Act” – refers to the Broad Based Black Economic Empowerment (Act 53 of 2003);

“Bid” – (or tender) means a written offer in a prescribed or stipulated form in response to and in consonance with the invitation by the Waterberg District Municipality’s requirements, either for the provision of services, works or goods, or in compliance with the specifications and conditions of the bid as set out in the procurement document. For the purpose of, and throughout, this policy the term “Bid” shall be equivalent to and be used interchangeably with “Proposal” and “Tender”, particularly when referring to the procurement of consultants;

“Bidder” – (or tenderer) refers to an eligible contractor, manufacturer, supplier, distributor and/or consultant competing for an award of a contract in the WDM. A contractor, manufacturer, supplier, distributor and/or consultant is said to be eligible if it meets all the eligibility requirements issued by the WDM;

“Bid Committees” – refers to the Specification Committee, Evaluation Committee and Adjudication Committee. The Adjudication Committee is responsible for adjudicating the award of bids on the basis of the recommendation (evaluation report) submitted by the Evaluation Committee based on bids developed by the Specification Committee. For the purpose of and throughout this policy, the term “Bid Committees ” shall be equivalent to and be used interchangeably with “the “Committee System”, particularly when referring to the competitive bidding process;

“CIDB Register of Projects” - In terms of Act 38 of 2000, the Construction Industry Development Board (CIDB) must establish a Register of Projects that gathers information on the nature, value and distribution of projects and provides the basis for a best practice project assessment scheme to promote the performance of public and private sector clients in the development for the construction industry.

“Competitive bidding” – means competitive bidding process as envisaged by the SCM Regulations;

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“Control” - the possession and exercise of legal authority and power to manage the assets, goodwill and daily operations of a business and the active and continuous expertise of appropriate managerial authority and power in determining the policies and directing the operations of the business.

“Councillor” - means a member of a municipal council.

“Competitive bid” - means a written offer on the prescribed forms in response to a published invitation by the Municipality and in compliance with regulation 12(1) (d) of MFMA for the submission of offers in respect of the provisioning of goods or services;

“Consultant” - means a natural or juristic person or partnership who or which, as an independent contractor, provides any of the following services on an *ad hoc* basis to the WDM against remuneration:

- a) Expert advice;
- b) Drafting of proposals for the execution of specific tasks; and/or
- c) Execution of specific tasks, which are of a technical or intellectual nature;

“Contract” - means the agreement that results from the acceptance of a quotation or bid by the Municipality;

“Cost Effectiveness” – means cost effectiveness as envisaged by the Framework for SCM Regulations;

“Construction Works”- a construction works contract means a contract for the provision of a combination of goods and services arranged for the development, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling or demolition of a fixed asset, including building and engineering infrastructure.

“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;

“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;

“Equitable” – means equitable as envisaged by the Framework for SCM Regulations;

“Evaluation Committee” – refers to evaluation committees as approved by the WDM's Adjudication Committee. The evaluation committees are responsible for assessing bids with a view to submitting a recommendation (evaluation report) to the Adjudication Committee for the award of the contract to the preferred bidder;

“Fair” – means fair as envisaged by the Framework for SCM Regulations;

“Final award” - means the final decision on which bid or quote to accept and conclude a contract;

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"Formal written price quotation" - means a written offer made on the prescribed forms by a supplier or service provider in response to a request from the Municipality and in compliance with the prescribed thresholds in this policy, the price should be fixed, considering price fluctuations where applicable;

"Goods & Services" – refers to all items, supplies, materials and general support services, except consulting services and infrastructure projects, which may be needed in the transaction of the WDM's business or in the pursuit of any municipal undertaking, project or activity;

"Head of Department" - means manager referred to in section 78 of MFMA;

"HDI" – "Historically Disadvantaged Individual (HDI)" – means a South African Citizen (1) who, due to the apartheid policy that had been in place, had no franchise in national elections prior to the introduction of the Constitution of the Republic of South Africa, 1983 (Act No 110 of 1983) or the Constitution of the Republic of South Africa, 1993 (Act No 200 of 1993) ("the Interim Constitution"); and/or (2) Who is a female; and /or (3) Who has a disability; Provided that a person who obtained South African citizenship on or after the coming to effect of the Interim Constitution, is deemed not to be an HDI;

"Imported content" means that portion of the bid 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 other direct importation costs, such as landing costs, dock duties, import duty, sales duty or other similar tax or duty at the South African port of entry;

"Informal price quotation" - means a written offer made by a person, business or enterprise in response to a request from the Municipality;

"Infrastructure" - projects include construction, improvement, rehabilitation, demolition, repair, restoration, or maintenance of buildings and engineering works included in the provision of municipal services and other related construction projects of the WDM as envisaged in the Construction Industry Development Board Act 38 Of 2000. For the purpose of, and throughout this policy, the term "infrastructure" shall have the same meaning as and shall be used interchangeably with "with Building or Engineering Works and Construction or Maintenance Projects";

"In the service of the state" means to be –

- (a) a member of –
 - (i) any municipal council;
 - (ii) any provincial legislature; or
 - (iii) the National Assembly or the National Council of Provinces;
- (b) a member of the board of directors of any municipal entity;
- (c) an official of any municipality or municipal entity;
- (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of 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;

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"List of accredited prospective providers" - means the list of accredited prospective providers which a municipality or municipal entity must keep in terms of section 21, 28, 29 & 35 of this policy;

"Local content" means that portion of the bid price which is not included in the imported content, provided that local manufacture does take place;

"MFMA or the Act" – refers to the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003);

"Multiple Source limited bidding" - Limited competition hence only a few prospective service providers are allowed to make a proposal but this should be based on a thorough analysis of the market.

"Municipality" - means the Waterberg District Municipality (WDM);

"Municipal Manager" - means a person appointed in terms of section 82(1) (a) or (b) of Local Government: Municipal Structures Act (Act no 117 of 1998) and who is the head of administration and also the accounting officer for the Municipality;

"Order" - means an official instruction, processed and printed on the Municipality's official order form, which is issued to a successful tenderer to supply goods or services in accordance with the accepted price quotation or tender;

"organ of state" - means an organ of state as defined in section 239 of the Constitution.

"Person" - includes reference to a juristic person;

"Persons in the service of the state" - SCM Regulations refers the following to be in the service of the state:

- I. a member of any municipal council; any provincial legislature; or the national assembly or national council of provinces
- II. a member of the board of directors of any municipal entity; excluding non-executive directors
- III. an official of the municipality or municipal entity
- IV. an employee of any national or provincial department, national or provincial entity or constitutional institution within the meaning of the PFMA, 1999 (Act No 1 of 1999);
- V. a member of the accounting authority of any national or provincial public entity; or
- VI. an employee of Parliament or a Provincial legislature

"PPPFA" – refers to the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000);

"Preferred bidder" - means any bidder who during the evaluation process scores the highest points and/or is recommendable for appointment.

"Preferential Procurement Regulations" - means the regulations to the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) issued by the Minister of Finance on 8 June 2011.

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“privileged or confidential information” means any information:

- a) determined by the bid specification, evaluation or adjudication committee to be privileged or confidential;
- b) discussed in close sessions by any of the bid committees;
- c) disclosure of what would violate a person's right to privacy;
- d) declared to be privileged, confidential or secret in terms of any legislative framework.

“Procurement Delegations” – refers to the Procurement delegations issued by the Accounting Officer in terms of section 79 and 106 of the MFMA. This includes Sub-delegations system.

“Procurement Documents” – refers to the procurement documentation distributed to prospective bidders during the solicitation of bids from bidders. The Procurement Documents contain the information required for bidders to submit their bids to the WDM.

“Prospective provider” - means a person, business or enterprise registered with the Municipality in respect of specified categories of goods and/or services for which price quotations are invited as and when required.

“Prospective provider or Supplier Register” – refers to the database of accredited prospective provider/suppliers established in terms of regulation 14 from whom bid offers will be requested.

“Rand value” - means the total estimated value of a contract in Rand denomination which is calculated at the time of inviting price quotations or bids, and includes all applicable taxes and excise duties.

“Responsive Bid” – one that conforms to all items, conditions, and specification of the bid documents without material deviation or qualification.

“Requisition” - means the official request for the procurement of supplies or services which is submitted on the prescribed form, accompanied by the specifications or terms of reference according to which price quotations or bids are to be invited.

“Scoring models” – refers to the scoring models used to evaluate bids. Scoring models apply the evaluation criteria identified in the Procurement Documents to competitive bids.

“Scope of Work” - means procurement document that specifies and describes the supplies, services, or engineering and construction works, which are to be provided, and any other requirements and constraints relating to the manner in which the contract work is to be performed.

“Service providers”

- a) **“Professional Service Provider”:**

Any person or body corporate that is under contract to the Employer for the provision of Professional Services.

- b) **“General Service Provider”:**

Any person or body that is under contract to the Employer for the provision of any type of service.

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"Single source bidding" – 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 service providers to make a proposal.

"Small, Medium and Micro Enterprise (SMME)" - means a separate and distinct business entity, including co-operative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub-sector of the economy mentioned in column 1 of the Schedule of the National Small Business Act, 1996 (Act No. 102 of 1996) and which can be classified as a micro- a very small, a small or a medium enterprise by satisfying the criteria mentioned in columns 3,4 and 5 of the Schedule opposite the smallest relevant size or class as mentioned in column 2 of the Schedule;

"Sole source bidding" – There is no competition and only one bidder exists, e.g. sole distribution rights.

"SCM Unit" – refers to the WDM's Supply Chain Management Unit that falls under the auspices of the Chief Financial Officer (CFO).

"SCM Directives" – refers to the SCM Directives maintained by the SCM Unit in WDM. The SCM Directives constitute instructions to the WDM that address key decision points and contentious issues in procurement and other phases of the SCM system. The Directives are dynamic. The SCM office communicates new and updated Directives via SCM Circulars.

"SCM Regulations" – refers to the Regulations in terms of the Municipal Finance Management Act, 2003: Framework for Supply Chain Management (Government Gazette Number 27636 on 30 May 2005).

"SCM Standard Operational Procedures" – means Procedures that translate SCM Delegations and SCM Directives into the day-to-day procedures required to manage demand, acquisition, logistics, disposal; risk and performance in the SCM system;

"Stipulated minimum threshold" means that portion of local production and content as determined by the Department of Trade and Industry;

"Supplier" – refers to any supplier of works, goods and services (professional and other) to the WDM.

"Transparent" – means transparent as envisaged by the Framework for SCM Regulations.

"Treasury" – means National Treasury.

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Preamble

Introduction

The Supply Chain Management (SCM) Policy of the Waterberg District Municipality sets a framework for meaningfully managing, monitoring and reporting of procurement activities and provides the procedures to be followed in procurement. The SCM policy is located within the South African legislative framework. The laws that are currently applicable include: the Constitution of the Republic of South Africa (Act 108 of 1996), the Preferential Procurement Policy Framework Act (Act 5 of 2000) and the Local Government: Municipal Systems Act (Act 32 of 2000), Local Government: Municipal Finance Management Act (Act 56 of 2003) and the Broad Based Black Economic Empowerment Act (Act 53 of 2003).

The principles of this policy are those set out in the legislative frameworks mentioned above in particular that of realizing value for money and good governance and ensuring cost effectiveness and competitive equitable, transparent and fair access to procurement opportunities to all. The SCM policy forms part of the overall business systems of the WDM and will be supported by specific procurement systems aimed at improving both procurement and overall business performance.

Mandate

Section 111 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) and SCM Regulations mandates the Waterberg District Municipality to develop, implement and maintain a procurement and provisioning system as part of the Supply Chain Management (SCM) system.

The SCM gives effect to Section 217(2) of the Constitution of the Republic of South Africa, (Act No. 108 of 1996) which mandates the Municipality as an organ of state to implement a preferential procurement policy in accordance with a nationally prescribed framework, the Preferential Procurement Policy Framework Act (Act 5 of 2000).

Purpose of the SCM Policy

As an organ of state, the Waterberg District Municipality has a duty to ensure that all the legislative requirements are satisfied. Accordingly, all procurement policies (including those addressing preferential procurement), procedures and practices must be consistent with these requirements, in particular Part 1 of Chapter 11 and other provisions of the MFMA.

The purpose of this policy is:

- (a) To provide a policy according to which the Municipality will procure goods and services; dispose goods; and letting of assets in a manner that is fair, equitable, transparent, competitive and cost effective.
- (b) To provide a system for managing demand, acquisition, logistics, disposal, risk and performance.

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- (c) To promote local public administration system in terms of Chapter 7 of Municipal Systems Act and Municipal Finance Management Act, Promotions of Access to Information Act, (Act 2 of 2000, and Promotion of Administrative Justice Act (Act 3 of 2000).
- (d) To comply with the Regulations, norms and standards that may be prescribed in terms of section 168 of MFMA and other applicable legislation.
- (e) To promote economic policies concerning investments and doing business with the public sector.

Scope and Application of the Policy

1. This policy is applicable to the entire Waterberg District Municipality employees and must be strictly adhered to. The policy provides a uniform procurement approach applicable to:
 - (a) General goods and services (provisioning);
 - (b) Consulting services (from built environment and other consultants)
 - (c) Construction in line with the Construction Industry Development Board prescripts and National Treasury;
 - (d) Property (leasing);
 - (e) Disposal of redundant assets as per asset management policy;
 - (f) Selection of contractors to provide assistance in the provision of municipal services other than in circumstances where Chapter 8 of the Municipal Systems Act applies;
 - (g) Selection of external mechanisms for the provision of municipal services as referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of the MSA.
2. Within the context of the Supply Chain Management the policy covers the whole process from needs identification to contract closure.
3. The application of the policy is further supported by specific legislation, including but not limited to the following:
 - (a) The procurement of information technology and related services. Such procurement must be performed according to the provision of State Information Technology Agency Act (Act 88 of 1998). As per Section 7(g) of the Act, the State Information Technology Agency is empowered to act as a procurement agency in respect of information technology requirements in accordance with state procurement policy regarding the provision of data processing services, training, application software development and maintenance services, technical, functional and business advice and support, and related management services.
 - (b) Public Private Partnership, which must be procured in accordance with Municipal Investment and PPP regulations - Gazette number 27431, 1 April 2005 Regulation issued in terms of MFMA.
 - (c) Procurement and disposal of arms.

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4. This policy, except where provided otherwise, does not apply in respect of procurement of goods and services as contemplated in section 110(2) of the MFMA, where the WDM procures from another organ of state including water and electricity from Department of Water Affairs or Eskom respectively, or other public entity, municipality or municipal entity.

Legislative Framework

Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)

Section 217(1) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) provides the basis for procurement and determines that:

“When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost effective”.

This section of the Constitution establishes the overarching procurement framework, namely that procurement must be:

- Fair;
- Equitable;
- Transparent
- Competitive; and
- Cost effective.

Section 217(2) of the Constitution establishes South Africa's preferential procurement policy, namely that:

Subsection (1) does not prevent the organs of state or institutions referred to in that subsection from implementing a procurement policy providing for:

- a. Categories of preference in the allocation of contracts; and
- b. The protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination.

Section 217(3) of the Constitution (as amended) confers an obligation for national legislation to prescribe a framework providing for preferential procurement to address the social and economic imbalances of the past, viz;

National legislation *must* prescribe a framework within which the policy referred to in subsection (2) *must* be implemented.

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

Effect was given to section 217(3) of the Constitution in the form of the Preferential Procurement Policy Framework Act, 2000 (Act No.5 of 2000) (PPPFA). The PPPFA provides a framework within which procurement policies referred to in section 217 (3) must be implemented.

The PPPFA requires organs of State to determine their preferential procurement policies and implement it within a framework prescribed in the Act. The Framework provided by the Act requires that a preference point system must be followed:

- For contracts with a Rand value above a prescribed amount, a maximum of 10 points may be allocated for attaining a BBBEE status level of contributor provided that the lowest acceptable tender scores 90 points for price.
- For contracts with a Rand value equal to or below a prescribed amount, a maximum of 20 points may be allocated for attaining a BBBEE status level of contributor provided that the lowest acceptable tender scores 80 points for price.
- Any other acceptable tenders which are higher in price must score fewer points on a pro rata basis, calculated on their tender prices in relation to the lowest acceptable tender in accordance with a prescribed formula; and
- The contract must be awarded to the tenderer who scores the highest points unless objective criteria in addition to that pertaining to specific goals justify the award to another tenderer.

The PPPFA awards tender points for attaining a BBBEE status level of contributor will be in accordance with the table below:

BBBEE Status Level of Contributor	Number of Points - 80/20	Number of Points - 90/10
1	20	10
2	18	9
3	16	8
4	12	5
5	8	4
6	6	3
7	4	2
8	2	1
Non-compliant contributor	0	0

No referencing outside of the points system is permitted. This in practice means that tenderers who obtain the highest number of points can only have their tenders rejected should they:

- Have insufficient capacity or capability to deliver; or
- Are under suspension from participating in public procurement for prior actions, e.g. withdrawing a tender after the closing date for tenders, failing to provide sureties, failing to execute the contract when instructed to do so, performing unsatisfactorily, offering bribes, or acting improperly.

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Regulations pertaining to the PPPFA, the Preferential Procurement Regulations 2011 were published in Government Gazette No. 34350 dated 8 June 2011.

Municipal Finance Management Act (Act 56 of 2003)

A Policy Strategy to Guide Uniformity in Procurement Reform Processes in Government was approved by Cabinet in September 2004 as a strategy to point out the direction that Government is moving towards in the implementation of Supply Chain Management within Government. This strategy is intended to guide the uniform implementation of Government's procurement reform initiatives as well as the issuing of Regulations in terms of the Municipal Finance Management Act (Act 56 of 2003) in respect of the Framework for Supply Chain Management.

The MFMA requires the Municipality to have and implement a Supply Chain Management Policy. The Supply Chain Management Policy must be in accordance with Section 217 of Act 108 of 1996. The Act further requires that the Municipal Manager as Accounting Officer to ensure that the Municipality has and maintains a Supply Chain Management Policy.

Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)

The WDM is committed to black economic empowerment and the advancement of historically disadvantaged individuals. It will, therefore, at all times apply the provisions of the Preferential Procurement Policy Framework Act and the Regulations issued in terms of that Act when goods and services are procured.

In determining the preferential procurement policy, the Waterberg District Municipality supports the provisions of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003) and the related codes of good practice to be issued by the Minister of Trade and Industry. The Waterberg District Municipality therefore acknowledges that Preferential Procurement Policy will be reviewed accordingly as soon as the Broad-Based Black Economic Empowerment codes are developed.

These procurement policies have been drafted around the philosophy and content of the Municipal Finance Management Act i.e. to allow "managers to manage and be held accountable", while councillors are provided with information necessary to set overall policy and priorities for the Municipality.

MANAGING THE PROCUREMENT PROCESS

DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES

The **Council** is responsible for the approval of this policy and providing the oversight role over the implementation of the policy as contemplated in Regulation 6 of the MFMA regulations.

The **Council** delegates all powers and duties to the accounting officer so as to enable the accounting officer to discharge the supply chain management responsibilities conferred upon the accounting officer in terms of Chapter 8 of the MFMA and this policy in order to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act, enforce the object of this policy.

The **Municipal Manager**, as the Accounting Officer, is responsible for

- (a) discharging the supply chain management responsibilities conferred upon him/her in terms of Chapter 8 and 11 of the MFMA and to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act
- (b) ensuring the overall application of this policy in terms of sections 62 (1)(f) (iv) and 99(2) by; among others:
 - developing and reviewing, on an annual basis, this policy for the Council's approval
 - ensuring that procurements, disposals and all other phases of the supply chain management comply with all legislative requirements and for putting in place all measures necessary to avoid any abuse of the system.
 - approving standards, assigning responsibilities and promoting the development of this policy and related systems.

SUB DELEGATION

The **accounting officer** may sub-delegate such powers and duties in terms of section 79 and 106 of the MFMA to officials of the municipality and provide for a bidding system in terms of the committee systems provided for in the procurement regulations.

The **accounting officer** may not sub delegate any SCM powers and duties to a person who is not an official of WDM or committee not solely composed of WDM officials.

The **Heads of the Departments** will be responsible for; among others:

- Initiating and planning all the procurements and disposals.

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- Drafting and packaging all tender dossier including determination of deliverables and / or performance indicators and bid adjudication criteria.
- Keeping records of all procurements and disposals in accordance with the provisions of this policy.
- Submitting monthly reports to the Chief Financial Officer.
- Contract closure report including performance monitoring.

All officials dealing with SCM issues as part of their financial responsibilities are also responsible for implementation of this Policy in their day-to-day operations.

APPROVAL AND MAINTENANCE

The amendments to this policy shall be presented to and approved by the council.

This policy will be subject to periodic review, at least on a yearly basis or more frequently if required, to ensure that it remains relevant to changed circumstances.

SUPPLY CHAIN MANAGEMENT UNIT

The **Supply Chain Management Unit** is established in term of regulation 7 of SCM. The SCM Unit is responsible for the management of the procurement of all goods and services on behalf of the various Business Units / Business Divisions of the WDM. It is responsible for procuring goods and services in accordance with the WDM's established policies and guidelines. The SCM Unit will in addition to the above, under the CFO, be responsible for:

(a) the SCM system including:

- Implementing this policy
- Continuously tracking changes in legislation, regulations or Treasury instructions regarding procurement and updating this Policy as may be required.
- Developing best practices and templates for various aspects and types of procurement.
- Developing and maintaining manuals on procurement policies and procedures.
- Reporting every deviation from this policy to Bid Committees and the Municipal Manager as the Accounting Officer.
- Maintaining the suppliers' register.
- Consolidate Procurement Monitoring Reports.
- Co-ordinating the reporting on procurement as per Treasury requirements.
- Maintaining a proper supply chain management information system.

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(b) Day to day procurement functions including:

- Advertise and/or post invitations to bid.
- Coordinate the conducting of tender briefing session which may only take place after 5 days or later of the advertisement and make arrangements for tender issuing and opening.
- Receive bids and become the custodian of procurement and contract documents,. Which may not be removed from the SCM filing system, unless signed out in the register book and be returned within a maximum of 2 weeks.
- Be the central channel of communication with bidders as per directions of the Bid Committees;
- Be the single point of contact between Bid Committees and departments/users and the general public on procurement issues.
- Arrange all logistics related to Bid Committees' functions.
- Provide secretarial services including record keeping.
- Ensure that a tender is awarded within 90 days from the date of closure of the tender advertisement.

No person may interfere with the SCM system.

TRAINING OF THE SUPPLY CHAIN MANAGEMENT OFFICIALS

The training of officials involved in implementing the supply chain management policy should be in accordance with any Treasury guidelines on supply chain management training. The training requirements should be linked to the responsibility of the officials.

The accounting officer shall ensure that all persons involved in the implementation of this policy meets the prescribed competency levels, where necessary, shall provide relevant training, resources and opportunities for relevant officials to meet the expected competency levels.

Waterberg District Municipality must provide an on-going training for at least the following officials:-

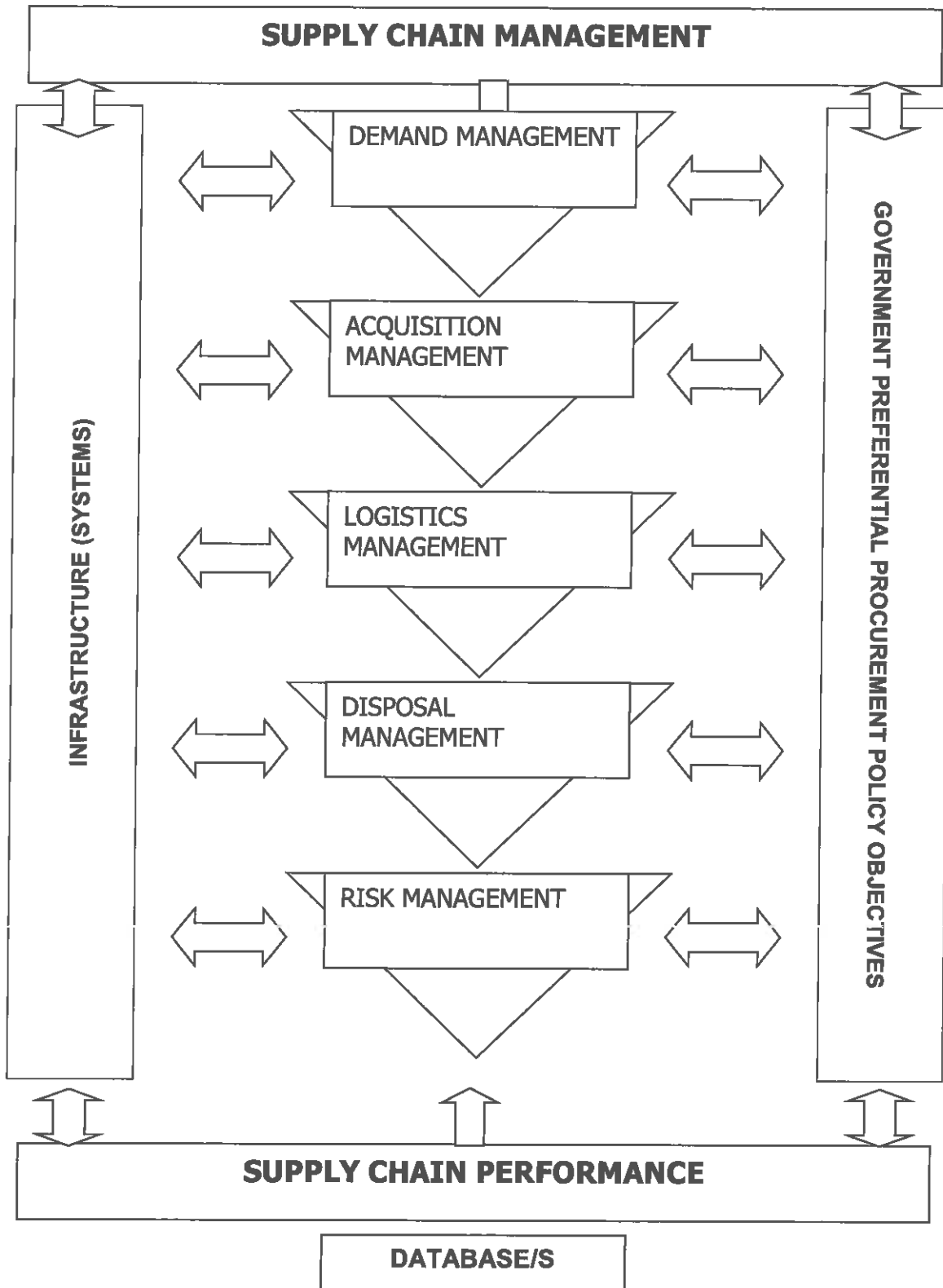
- Senior management
- Practitioners who are involved with the day to day operations of the supply chain management
- Cross functional team members
- End users involved in the Supply Chain Management activities
- Members of the supply chain management bid committees.
- Scribes

COMMENCEMENT OF THE POLICY

This policy is effective from the date of approval by council.

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THE ELEMENTS / FRAMEWORK OF SUPPLY CHAIN MANAGEMENT



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PART 1: Demand Management (Planning and Budget Linkage)

1. This is the beginning of the supply chain, and must begin with a needs assessment, to ensure:
 - that goods or services are required in order to deliver the agreed service;
 - that specifications are precisely determined;
 - that requirements are linked to the budget; and
 - that the supplying industry has been analysed.
 - That request for goods be submitted 3 working days and request for goods on notice board adverts 10 working days before it is required.

This phase will bring the supply chain practitioner close to the end user, to ensure that value for money is achieved.

System of demand management

2. The objective is to ensure that the resources required to fulfill the needs identified in the Integrated Development Plan (IDP) are quantified; budgeted for; timely & effectively delivered at the right locations on the critical delivery dates and are of appropriate quality at a fair cost.

The demand management process

3. All procurements should be within approved budget in terms of section 15 of the MFMA and such expenditure shall have been authorized as per delegations and procured as per applicable thresholds.
4. A total needs assessment should be done on a continuous basis, which should include among others an analysis of needs, frequency of need, linking the requirements to the Medium Term Expenditure Framework, as well as budget for capital expenditure, an analysis of past expenditure as well as an analysis of integrated development plan.
5. Consistent with the government fiscal discipline, no procurement shall be undertaken unless it is in accordance with Annual Procurement Plan (APP) approved by the Municipal Manager, which must be consistent with the duly approved annual or multi-year budget and service delivery plan.
6. For the purpose of this policy only those considered crucial to the efficient discharge of the municipal functions shall be included in the APP. Any procurement shall be considered to be crucial if it is required for the day-to-day operations or is in pursuit of the principal mandate of the WDM.
7. In case of Infrastructure Projects the plan shall consider the appropriate timing/phasing of appropriate activities such as engineering design and construction to reduce/lower project cost and avoid unnecessary roll-overs.

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8. Where possible demand analysis should be used as a tool to stimulate local economic production and development and facilitate SMME development.

Strategy For Achieving The Preferential Procurement Policy Framework Act (PPPFA) Objectives And Linking The System To Black Economic Empowerment (BEE) Objectives

9. The municipality will use the public sector SCM system as a tool to achieve the BEE objectives/goals. This will be achieved within the prescribed framework of the PPPFA and its Regulations.

In order to achieve the BEE objectives and goals the specifications and terms of reference for each project will be drafted prior to publication. The specifications will be drafted in a manner that will assist in achieving the BEE targets set by the municipality. The accounting officer will approve all specifications drafted by the Bid Specification Committee prior to publication.

Benefits of Demand Management

10. Demand management should provide benefits such as:
- Best value for money;
 - Better risk management;
 - More efficient procurement;
 - Improvements in procurement outcomes;
 - More opportunities for innovating bidding and contract management;
 - More opportunities for implementing the National Treasury's guidelines and objectives

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PART 2: Acquisition (Procurement) Management

- 11 It is the management of procurement by a municipality:
- to decide on the manner in which the market will be approached;
 - to establish the total cost of ownership of a particular type of asset;
 - to ensure that bid documentation is complete, including evaluation criteria;
 - to evaluate bids in accordance with published criteria; and
 - that proper contract documents are signed
12. Procurements and all other phases of the Supply Chain Management will be conducted in accordance with provisions of Chapter 11 of the Municipal Finance Management Act, (No. 56 of 2003): Framework for Supply Chain Management; and this policy.
13. In support, procurements and disposals will be procured as per Standard Rules for Public Procurements and Disposals as published by the Construction Industry Development Board, Policy Strategy to Guide Uniformity in Procurement reform process in government and Regulations in terms of Section 168) of the Municipal Finance Management Act, (No. 56 of 2003): Framework for supply chain management and Procurement and Disposals Policies of the Municipality.
14. Procurements will only take place against approved budget in terms of section 15 of the MFMA.

Procurement process

15. The procurement process will be managed as per SCM Standard Operational Procedures to be maintained by the SCM Unit and clearly outline the procedures and conditions for use of petty cash, written or verbal quotations, formal written quotations and competitive bidding process in support of this policy.

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16. Range of procurement processes

STRUCTURE OF APPROVAL		
GOODS/SERVICE VALUE	PROCUREMENT METHOD MINIMUM	APPROVAL AUTHORITY
R 0 – R 500	Petty Cash : One (1) Quote	Head of Department
R 501 –R 2 000	Three (3) Quotations of which at least One must be written	Head of SCM unit
R 2 001 – R 30 000	Three (3) Written Quotations	Head of SCM unit
R 30 001 – R 200 000	Notice on public notice boards & website (7 days i.t.o. SCM Regulation 18) or Advertisement via newspapers : Three Quotations	CFO
R 201 000 – R 2 Million	Competitive Bidding Process (Advertise for at least 14 days in the newspaper & website)	Accounting Officer on the recommendation of the Bid Adjudication Committee
R 2 Million – R 10 Million	Competitive Bidding Process	Accounting Officer on the recommendation of the Bid Adjudication Committee
Above R 10 Million	Competitive Bidding Process	Accounting Officer on the recommendation of the Bid Adjudication Committee

- (1) The procurement of goods and services through this policy is provided by way of –
- (a) petty cash purchases sourced from one provider up to a transaction value of R 500 (VAT included);
 - (b) written or verbal quotations for procurements of a transaction value over R 500 up to R 2 000 (VAT included);
 - (c) formal written price quotations for procurements of a transaction value over R 2 000 up to R 30 000 (VAT included);
 - (d) a competitive bidding process for–
 - (i) procurements above a transaction value of R 200 000 (VAT included); and
 - (ii) the procurement of long term contracts (more than one year).
 - (e) *Strategic transversal contracts/agreements in case of specialised services. i.e. travel agencies, advertisement, abattoir services.*

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17. (1) The thresholds values for invitation of priced quotation and competitive bids as determined from time to time by National Treasury in accordance with the framework for Supply Chain Management are adopted as part of this policy, unless lowered through the delegation system.
- (2) The accounting officer may in writing -
- (a) lower, but not increase, the different threshold values specified in section 16; or,
 - (b) direct that –
 - (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R 2 000;
 - (ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R 10 000; or
 - (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than **R 200 000**.
18. In case of thresholds, goods and services may not be artificially split to avoid complying with the requirements of this policy.
19. The Municipality shall follow written or verbal quotations, formal written quotations and competitive bidding following procurement procedures prescribed by the CIDB Standard for Uniformity and National Treasury Regulations and guidelines.
20. Only bids or quotation from entities who have furnished full names, identification number or registration, VAT registration number, certified copy of a valid tax clearance and completed “in the service of the state” declaration, if any, shall be considered.
21. A written quotation or bid may not be considered unless the provider who submitted the quotation or bid has indicated–
- (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
 - (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subsection (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.;

PETTY CASH PURCHASES

22. In certain cases it is not possible or economically viable to procure goods and services through written quotation or competitive bidding processes. This situation will arise where the total costs of engaging in written quotations or competitive bidding far outweighs the value of the item(s) or services been sought. This situation is envisaged for items or services below R 500 VAT inclusive only. Only Heads of the departments may authorise petty cash processes and payments. This mechanism might also be utilised in an emergency situation where the total value of the goods or services is below R 2 000, subject to authorised process being followed in which case only the MM may authorise such a transaction.

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WRITTEN OR VERBAL QUOTATIONS (BETWEEN R 500 & R 2 000)

23. The accounting officer must establish the conditions for the procurement of goods or services through written or verbal quotations, which must include conditions stating the procedure for procuring goods and services as follows:—
- (a) that quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality or municipal entity, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria in the supply chain management policy required by section 28 and 29 of this policy;
 - (b) that, to the extent feasible, providers must be requested to submit such quotations in writing. As far as possible all suppliers must be afforded an opportunity to quote on a rotational basis.
 - (d) that if it is not possible to obtain at least three quotations, the reasons must be recorded and recommended by the chief finance officer and be approved by the accounting officer. Such deviations must be reported quarterly to the accounting officer or another official designated by the accounting officer;
 - (e) that the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
 - (f) that if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

FORMAL WRITTEN PRICE QUOTATIONS (BETWEEN R 2 000 AND R 30 000)

24. The accounting officer must establish the conditions for the procurement of goods or services through formal written price quotations, which must include conditions stating –
- (a) that 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) that quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria in the supply chain management policy required by section 28 and 29; and if the database of the municipality have no listed suppliers on the required category, suppliers can be sourced from other municipalities or organ of states departments.
 - (c) that if it is not possible to obtain at least three quotations, the reasons must be recorded and recommended by the chief financial officer to be approved by the accounting officer or an official designated by the accounting officer, and
 - (d) that the official designated by the accounting officer must record the names of the potential providers and their written quotations.
 - (e) The accounting officer must promote on-going competition amongst different providers by inviting providers on a rotation basis from the approved database to submit quotations

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- (f) Offers below R 30 000 must be awarded based on compliance to specifications, conditions of the contract, ability and capability to deliver the goods and services at the lowest price.
25. The procedures for procuring goods and service between R 500 and R 30 000 are:
- 25.1 The project manager or end-user must submit a duly completed request for a quotation form which has been authorised by the Head of Department or Manager to SCM unit at least seven (7) working days before the date of the required goods or service.
 - 25.2 The project manager or end-user must also capture the request for goods or service on the Integrated Financial Management System (IFMS) which must be authorised the Head of Department or Manager at least seven (7) working days before the date of the required goods or service.
 - 25.3 SCM practitioner will source quotations from the service providers registered on the suppliers' database within that commodity.
 - 25.4 SCM practitioner will capture quotations received on the IFMS with the recommended service provider.
 - 25.5 The Head of Department or Manager will authorise purchase requisition on the IFMS.
 - 25.6 The Head of Department or Manager will also approve the manual documentation and the project manager or end user will then submit the authorised purchase requisition to SCM unit.
 - 25.7 The SCM practitioner will then issue an official purchase order.
 - 25.8 The official purchase order will be authorised by Divisional Manager SCM and one (1) Divisional Manager in BTO or Chief Financial Officer.
 - 25.9 SCM practitioner will notify or inform the project manager that the purchase order has been authorised.
 - 25.10 The project manager or end-user will the fax and communicate further with the appointed service provider with regards to goods or services required and the delivery timeframes.

FORMAL WRITTEN PRICE QUOTATIONS (BETWEEN R 30 000 AND R 200 000)

26. The procurement of goods and services above R 30 000 but below R 200 000 must be procured through formal written price quotations.
27. These must be advertised on the notice board and website for a period of seven (7) working days and an on-going competition must be promoted.
28. Offers above R 30 000 must be awarded based on the preferential point system using the 80/20 system, compliance to specifications and ability and capacity to deliver the goods and services. Waterberg District Municipality when awarding must also consider the empowerment goals (BEE targets) of the municipality.
29. The chief financial officer must on a monthly basis be notified in writing of all written quotations and formal written price quotations approved by supply chain management officials acting in terms of the sub-delegation.

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30. The procedures for procuring goods and service between R 30 00 and R 200 000 are:
- 30.1 The project manager or end-user must submit a duly completed request for a goods form, captured on the IFMS, which has been authorised by the Head of Department or Manager to SCM unit at least fifteen (15) working days before the date of the required goods or service.
 - 30.2 SCM practitioner will advertise on the notice board and WDM website.
 - 30.3 SCM practitioner will evaluate quotations received and, if necessary, request assistance from project manager in evaluation of functionality requirements, if applicable.
 - 30.4 SCM Practitioner will then recommend preferred bidder for project manager and divisional manager SCM to concur before final approval is requested from CFO for appointment.
 - 30.5 The Head of Department or Manager will authorise purchase requisition on the IFMS.
 - 30.6 The Head of Department or Manager will also approve the manual documentation for order and the project manager or end user will then submit the authorised purchase requisition to SCM unit.
 - 30.7 The SCM practitioner will then issue an official purchase order.
 - 30.8 The official purchase order will be authorised by Divisional Manager SCM and one (1) Divisional Manager in BTO or Chief Financial Officer.
 - 30.9 SCM practitioner will notify or inform the project manager that the purchase order has been authorised.
 - 30.10 The project manager or end-user will the fax and communicate further with the appointed service provider with regards to goods or services required and the delivery timeframes.

COMPETITIVE BIDDING (ABOVE R 200 000)

- 31 Goods and services above a transaction value of R 200 000 (VAT inclusive) and long-term contracts may only be procured through competitive bidding process.
- 32 The bid document will be prepared by the bid specification committee with the assistance of the SCM Unit and be recommended by the chairperson of the bid specification committee for Chief Financial Officer's approval. This process must be done in consultation with the relevant department.
- 33 After specification approval, the SCM Unit must advertise in a commonly circulated local newspapers and national newspaper, if necessary, but not limited thereto, with the closing date of at least 14 working days after the date of the advertisement first appearance.
- 34 No requirements for goods or services above an estimated transaction value of R 200 000, may be deliberately 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.

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35 PROCESS FOR COMPETITIVE BIDDING

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

- Compilation of bidding documentation by the project manager
- The bid documentation / specifications should be based on a thorough analysis of the market and costing of specifications
- Finalisation and recommendation of the bid document by the bid specification committee
- Approval of the specifications for advert by the departmental manager, CFO and Municipal Manager
- Public invitation for bids by SCM or as delegated
- Site meeting or briefing session if required
- Public opening of the tender box as per advert closing date
- Evaluation, finalisation and recommendation of the bid evaluation report by the bid evaluation committee
- Consideration of the evaluation report and final recommendations by the bid adjudication committee
- Award of contract by the accounting officer
- Issue appointment letter to successful bidder
- Receipt of formal acceptance by successful bidder
- Administration of the contract after awarding of the bid - the municipality and the bidder must enter into a written agreement where the Service Level Agreement or contract must be signed, if applicable.
- Issue of official order at contract amount

Proper record keeping of all documents leading to the conclusion of the tender should be kept in a secure place for reference purposes.

The SCM Unit is the custodian of all procurement related documentation and it is not allowed for any such documentation to be removed from the SCM Unit, without supervision by the SCM Unit. If necessary to remove documentation for audit purposes or bid meetings, such documents shall be signed out by and returned with 2 weeks. The official signing out documentation shall remain responsible for signed out documentation until it is returned to the SCM Unit and shall ensure that the credibility of information remains intact.

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Deviation from and ratification of minor breaches from procurement processes

36. (1) The accounting officer may –

- (a) dispense with the official procurement processes established by this policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
 - (i) in an emergency;
 - (ii) if such goods or services are produced or available from a single provider only;
 - (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (iv) acquisition of animals for zoos, nature reserves or game reserves; or
 - (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
- (b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

(2) The accounting officer must record the reasons for any deviations in terms of section 36 (1)(a) and (b) (above) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.

Urgent and emergency procurement and sole supplier

37. Exemption from the requirement that competitive bids be invited may be granted by the accounting officer as follows:

- a) In urgent or emergency cases where early delivery is of crucial importance and the invitation of competitive bids is either impossible or not practicable, or price quotations are invited from prospective suppliers. If suppliers are not yet registered by the WDM for the relevant supply or service, the companies identified by the relevant functionary are approached for price quotations. The price quotation, which represents the best value for money, is recommended for acceptance.
- b) In cases where the goods or services can only be procured from a particular supplier or service provider, a price quotation is invited from the relevant company.
- c) The initiating department should provide the accounting officer with a certificate/written account stating the reasons for deviating from the invitation of competitive bids and also as to how they will maintain fairness and reasonableness in price.

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38. The presence of, imminent risk of, an extreme or emergency situation arising from one or more of the following:
- a) Disaster or eminent disaster.
 - b) Human injury or death.
 - c) Human suffering or deprivation of human rights.
 - d) Serious damage to property or financial loss.
 - e) Livestock or animal injury, suffering or death.
 - f) Serious environmental damage or degradation.
 - g) Interruption of essential services: or
 - h) Interruption / cancellation of essential municipal services.
39. Urgent cases are cases where early delivery is of critical importance and the invitation of competitive bids is either impossible or impractical. (However, a lack of proper planning should not be constituted as an urgent case.)
40. Urgent / Emergency procurement will only be allowed if prior verbal authorization has been obtained from the MM.
41. Where there is deviation from such provisions, permission must be obtained from the Municipal Manager verbally in advance and subsequently in writing and the reasons for doing so must be recorded.
42. In these cases the bid committees will follow a negotiated procedure.

LIMITED BIDDING

Limited bidding consists of:

43. Multiple source bidding – Limited competition hence only a few prospective service providers are allowed to make a proposal but this should be based on a thorough analysis of the market.
44. Single source bidding – 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 service providers to make a proposal.
45. Sole source bidding – There is no competition and only one bidders exists, e.g. sole distribution rights.
46. In order to procure through limited bidding a request has to be written to the Accounting Officer requesting permission to follow limited bidding procurement including the reasons why. Prior approval in writing has to be obtained to follow limited bidding and also approval (on the same or another motivation) the appointment of the recommended candidate through limited bidding.

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47. Single-source selection may be appropriate only if it presents a clear advantage over competition:
- a. for tasks that represent a natural continuation of previous work carried out by the firm; or
 - b. where a rapid selection is essential (for example, in an emergency operation); or
 - c. for very small assignments; or
 - d. when only one firm is qualified or has experience of exceptional worth for the assignment; and
 - e. If it would save time and cost to continue with the downstream work of the current consultant; and/or
 - f. If this will ensure a consistent approach, greater accountability for improvement and lower cost due to the economies of scale involved.

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48. The objectives of these two initiatives will be supported through the WDM's SCM process, if and when opportunities arise.
49. The accounting officer must determine internal operating procedures supporting the initiatives to the extent that all things being equal, preference is given to procuring local goods and services from
- Firstly – suppliers and businesses within the jurisdiction of WDM
 - Secondly – suppliers and businesses within Limpopo Province
 - Thirdly - suppliers and businesses within the Republic of South Africa

PROGRESSIVE EXCLUSIVITY

50. MM can authorise that progressive exclusivity may be followed in procurement processes where a certain locality group or preferential group has to be sourced from, e.g. for a Mogalakwena road show we use service provider from Mogalakwena area. This scenario specifically exist in a district municipality which consist of various local municipal areas and gives MM authority to determine that services / goods be sourced from service providers registered to that specific local area and not necessarily the complete supplier database consisting of various local municipal areas.
51. Locality will be given preference on the following services:
- a. Mass Catering and VIP Catering
 - b. Supply of tents, toilet and chairs
 - c. Supply of sound system and podium
 - d. Catering and decorations
 - e. Supply of transport
 - f. Entertainment and Traditional Dancers

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52. The above services from R 0 to R 200 000 will be set aside for locality empowerment whereby the database rotational system will still be followed, where possible, but limited to a specific local area, and notice board advert process will not be followed.
53. The supply chain process that must be followed on procurement of the above specified goods or services will be multiple source limited bidding whereby:
- a. Suppliers will be sourced from the WDM supplier database in terms of their location;
 - b. If the WDM supplier database does not have such suppliers / sufficient suppliers, such suppliers will be requested from the local municipality's supplier database;
 - c. If local municipalities does not have the required category of suppliers, the SCM Unit together with project manager must check with other organs of state and or other reliable sources for such suppliers;
 - d. Suppliers will be appointed on condition that they register of the WDM supplier database before payment can be issued. Failure to register on the WDM supplier database will result in such supplier no longer being utilised / considered.
54. Progressive exclusivity may also be used in other exceptional circumstances where a specific preference group has to be given priority, e.g. procuring from service providers registered as Disabled for a People with Disabilities Program.

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

55. The accounting officer may procure goods and services of any transaction value through a contract secured by another organ of the state (section 32 of the SCM Regulations) 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) The municipality or entity has no reason to believe that such contract was not validly procured.
 - c) There are demonstrable discounts or benefits for the municipality or entity to do so.
 - d) The other organ of state and the provider have consented to such procurement in writing.
56. Subregulation (c) and 1(d) do not apply if:
- a) A municipal entity procures goods and services through a contract secured by its parent municipality.
 - b) A municipality procures goods and services through a contract secured by a municipal entity of which it is the parent municipality.
57. Such shall be reported to Council and Mayor as per reporting requirements.

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58. PROCEDURE FOR PROCUREMENT OF GOODS AND SERVICES UNDER A CONTRACT SECURED BY OTHER ORGANS OF STATE:

- Request by the project manager to procure goods and services through section 32 clearly stating the benefits and discounts and adhering to above requirements.
- Recommendations by the CFO and approval of the request by the Municipal Manager.
- Letter to the organ of state requesting the following information for S32 procurement:
 - a) The tender advertisement
 - b) The evaluation report
 - c) Minute of the bid adjudication meeting
 - d) Appointment letter
 - e) Written consent for WDM to utilise the procurement
- On receipt of the above mentioned documents from the organ of state, request the following document from the bidder to be considered the minimum required criteria for evaluation:
 - a) Certified copy of a valid Tax Clearance Certificate – if an original valid tax clearance certificate is already on WDM Database records, then it won't be necessary to submit another original Tax Clearance Certificate.
 - b) Copy of valid Company registration certificate forms
 - c) Copy of valid CIPC certificate of annual returns (Example is attached as on the tender document after General Conditions of Contract)
 - d) ID copies of the shareholders/Directors
 - e) All relevant MBD Forms must be completed and signed
 - f) Municipal accounts of the business and all shareholders (not more than 3 months old) – confirming that the account holder is not in arrears for more than 90 days.
 - g) Quote as per the full scope of work (compliance to specification)
 - h) Proof of professional body's registrations (where applicable)
 - i) Initial each page of NT Conditions of Contract
 - j) Contactable Reference, List of previous and current completed projects
 - k) Company Profile (Indicating Shareholding, core business, experience etc.)
 - l) Valid BBBEE Certificate
 - m) Completed WDM Suppliers Database Registration Form
- Consideration of the evaluation report, quotation/proposal and final recommendation by the CFO and Municipal Manager.
- Award of contract by the accounting officer.
- Issue appointment letter to the preferred bidder.
- Receipt of formal acceptance by preferred bidder.
- Administration of the contract after awarding of the bid - the municipality and the bidder must enter into a written agreement where the Service Level Agreement or contract must be signed.
- Proper record keeping of all documents leading to the conclusion of the tender should be kept in a secure place for reference purposes.

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Unsolicited bids

59. The Municipal Manager is not obliged to consider unsolicited bids received outside a normal bidding process.
60. If the Municipal Manager decides to consider an unsolicited bid, he or she may do so if:
- (a) The product or service offered in terms of the bid is a unique innovative concept, a product that will be exceptionally beneficial to, or have exceptional cost advantage to the Municipality
 - (b) The person who made the bid is the sole provider of the product or service; and
 - (c) The need for the product or service by the Municipality has been established during its strategic planning and budgeting process
 - (d) The reasons for not going through the normal procurement process are found to be sound by the Municipal Manager.
61. MSCM Sub-regulations 37 (3)-(9) shall be applicable should the Municipal Manager choose to proceed with an unsolicited bid.

RESPONSIBILITIES

62. The SCM Unit will assume responsibilities for notifying successful bidders and for providing interested parties with the particulars of tenders received. Unsuccessful bidders will only be notified on request. The Chief Financial Officer will be responsible for providing written reasons for any administrative action that is taken.
63. The Municipal Manager, in consultation with the Bid Adjudication Committee, will in the event of only one tender being received; determine whether or not a re-advert will be called for.
64. The Municipal Manager shall take overall responsibility of implementing the procurement and disposal system and shall present a quarterly and annual report on all procurements and disposals which shall cover, among others, a range of key performance indicators including those associated with a preferential procurement policy.
65. The accounting officer must take all reasonable steps to ensure that the procurement of goods and services through formal written price quotations is not abused and there is proper record keeping.
66. All requests for MMs approval which include financial aspects must be taken for BTO comment first before submitting to MM.
67. No meeting accommodation must be arranged without prior approval by MM. All meetings and internal workshops, etc, that require overnight accommodation must be approved by the MM at least 5 days prior.
68. All meetings requiring catering and / or transport must be approved by the MM.

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LIST OF ACCREDITED PROSPECTIVE SUPPLIERS

69. The Municipality will develop a system for use of a prospective provider data base (R 1- R 30 000) for the purpose of verbal or written quotation and formal written quotations in such a manner satisfying the provision of 217(1) of the Constitution of the Republic of South Africa (Act 108 of 1996) thus ensuring fairness, equity, transparency, competitiveness and cost effectiveness. All received quotations above the rand value of R30 000 shall be evaluated by the SCM Unit in line with the SCM prescripts. This must be read along with SCM Regulation 18.
70. Advertising for evaluation and admission to the register and re-registration specifying the listing criteria must be published annually and close for a certain period as it will be indicated in the advert. The current service providers information in the database will be updated daily in a manner that enables a wide spectrum of suitably qualified and eligible bidders to apply.
71. The prospective providers must be admitted to the register whenever they choose to submit an application, which satisfies the Municipality's admission policy requirements. The Municipality must advise the supplier in writing if requested the administrative action taken regarding their submission, i.e. whether or not they have been admitted, and if not on what grounds .
72. The list must be updated for a period as per the advert to include any additional prospective providers and any new commodities or types of services.
73. Service providers should be subjected to a quality check depending on the type and nature of service being registered for before registration is approved, e.g. registration to national institutions for certain types of services such as IATA for travel agents.
74. The performance of service providers on the database should be reviewed regularly and reports of defaulters and non-compliance should be prepared. Defaulters may be removed from the Database should the Bid Adjudication Committee consider a perpetual unsatisfactory performance.
75. Any prospective provider whose name appears on the National Treasury's data base as a person prohibited from doing business with the public sector will not be accepted.
76. All contractor's or suppliers' work history with the WDM will be maintained on the Supplier Registers. The Heads of Departments will be required to rate the performance of the contractor upon completion of the contract. Where a contractor's performance has been rated as unsatisfactory they shall be notified accordingly and may be taken off the registers should the Bid Adjudication Committee consider a perpetual unsatisfactory performance.
There shall be a register for unsatisfactory performance and defaulters within the SCM Unit.

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77. Any service provider registered on the Database whose tax clearance has expired will be excluded from selection until such time as their valid tax clearance certificate is received by the Supply Chain Unit.

The database will be used to promote participation of black-owned small, medium and micro enterprises (SMME's) and community co-operatives.

PROCEDURES FOR PROCURING GOODS AND SERVICES

78. The Municipality shall advertise tenders and calls for expressions of interest by placing insertions in a national newspaper (e.g. city press), local commonly circulated newspaper (i.e. widely circulated in the area of the Municipality) and/or Municipal website and and/or Government Tender Bulletin and WDM and local municipalities' (within WDM's jurisdictions) notice board as deemed appropriate.
79. The Provincial and State Tender Bulletins may be used in order to provide opportunities to access a wide spectrum of suitably qualified and eligible bidders with opportunities presented.
80. Invitations for competitive bids shall become open for a period not less than thirty (30) days for bids with estimated value above R 10 million, and fourteen (14) days for bids below R 10 million, from the date of publication in the selected primary medium of advertising identified as deemed appropriate. Goods and services above **R 200 000** can only be procured through competitive bidding process, unless approval has been obtained from the Municipal Manager in advance to use limited bidding procurement. In such case, limited bidding items will still have to serve before the Bid Adjudication Committee.
81. When using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers, including by inviting providers to submit quotations on a rotation basis
82. Invitations for written quotations shall become open for a period not less than seven (7) from the date of advertising.
83. With regard to the procurement of goods and services with a transaction value lower than **R 200 000** -
- (a) the procurement of goods and services between R 0 and R 30 000 falls within the scope of the SCM Unit with approval by the departmental manager and BTO Divisional Managers;
 - (b) the procurement of goods and services between R 30 001 and **R 200 000** is delegated by the accounting officer to the Chief Financial Officer within the municipality (see Delegation Policy).

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84. For purposes of the procurement of goods and services in terms of section 48 -
- (a) the regulation thereof will be assessed and monitored by the supply chain management unit to ensure alignment with the empowerment goals set out in this policy.
 - (b) the municipality shall establish a database of service providers and suppliers which must be updated daily whereupon preferred service providers and suppliers will be selected in terms of the empowerment goals set out in this policy.
 - (c) The database shall be established in terms of subsection 49 (b.)
 - (d) In order to be considered for listing on either of the databases referred to in subsection (c), a service provider or supplier must produce proof of compliance with the following prerequisites :
 - (i) Current/valid original certificate of good standing in terms of VAT/Income Tax.
 - (ii) offices should preferably be in the jurisdiction of the WDM, but not a prerequisite.
 - (iii) company registration with the registrar of businesses.
 - (iv) professional registration with a professional body where required.
 - (v) A quality check may be performed on registrations for certain services determined from time to time by the Accounting officer
 - (vi) Proof that municipal accounts of business and individual shareholders are not in arrears for more than 90 days
85. It is not allowed for 2 companies / suppliers with the same shareholding to both be registered on the database, unless they are registered under different commodities. Misrepresentation of this fact can lead to suspension from the database.
86. Supply Chain Management unit will submit a quarterly report on the procurement of goods and services in this category. An analysis will be provided stating the achievement and/or failure in compliance with the set goals.
87. The current commodities on the SCM supplier database is as follows:

Construction:

- 1) Abattoir – specialist supplies
- 2) Advertising
- 3) Air conditioning supply & repairs
- 4) Carpeting / tiling / floor covering
- 5) Ceilings / Partitioning and shop fitting
- 6) Fencing
- 7) General Buildings work
- 8) Painting contractors
- 9) Paving / Plastering

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- 10) Plumbing Contractors
- 11) Roads Works & Cleaning
- 12) Sewerage installations / reticulations
- 13) Storm water draining
- 14) Quantity surveyors

Services:

- 15) Accommodation
- 16) Advertising agencies (newspaper)
- 17) Banking & investments
- 18) Auctioneers
- 19) Catering Services
- 20) Carpet Cleaning
- 21) Car wash services
- 22) Cleaning services (carpets, curtains, etc.)
- 23) Communication & Information / Knowledge management support services
- 24) Conference Facilities < 100 people
- 25) Conference Facilities > 100 people
- 26) Corporate branding – Clothing
- 27) Corporate branding - Signage
- 28) Debt collection
- 29) Digging of graves
- 30) Dry Cleaning Services
- 31) Employee benefits
- 32) Entertainment facilities
- 33) Entertainment – traditional & cultural performers
- 34) Electrician
- 35) Event Management (e.g. EAP, Sports, Functions, etc).
- 36) Equipment (tables / tents / chairs) for hire
- 37) Fire Fighting equipment servicing & maintenance – e.g. extinguishers
- 38) Funeral Services
- 39) Furniture movers & re-settlement
- 40) Gardening & landscaping
- 41) General installations, maintenance & repair services
- 42) Handyman
- 43) Human Resource management support & services
- 44) ICT services (must be accredited)
- 45) ICT Equipment suppliers (must be accredited)
- 46) Information Technology services
- 47) IT systems software
- 48) Insurance
- 49) Laundry service / dry cleaning
- 50) Lighting contractors / suppliers
- 51) Locksmiths
- 52) Pauper funeral services
- 53) Pest removal services
- 54) Performance Management
- 55) Photocopying services
- 56) Plumber

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- 57) Printing & design services
- 58) Publicity – Radio
- 59) Publicity - TV
- 60) Recruitment agencies
- 61) Security & Safety services
- 62) Security & Access Control services
- 63) Signage & engraving services
- 64) Sound system & equipment (tents / chairs) for hire
- 65) Telecommunications
- 66) Training institutions (SETA accredited)
- 67) Transport services
- 68) Travel agents
- 69) Vehicles for hire
- 70) Vehicle repairs & maintenance & service
- 71) Vehicle tow-in services

Professional Services:

- 72) Accounting & bookkeeping
- 73) Accounting Systems software
- 74) Attorneys / Legal services
- 75) Consulting engineers – geotechnical
- 76) Consulting engineers – civil / structure
- 77) Consulting engineers – electrical
- 78) Consulting engineers – mechanical
- 79) Consulting engineers – multidisciplinary
- 80) Land development planning services
- 81) Medical practitioners
- 82) Municipal consultants - Financial Accounting & Budgeting Consultants
- 83) Municipal consultants – PMS
- 84) Municipal consultants – strategic planning
- 85) Pre-employment assessment consultants
- 86) Professional consultancy services
- 87) Property valuations (registered and accredited)
- 88) Psychologist (employee counselling)
- 89) Town planners
- 90) Vetting of employees & suppliers

Wholesalers / Traders / Suppliers:

- 91) Automotive parts
- 92) Air Pollution measuring equipment
- 93) Books – general
- 94) Books – technical
- 95) Books – legislative handbooks
- 96) Building materials / hardware
- 97) Curtains / blinds suppliers
- 98) Electrical supplies & equipment
- 99) Electrical suppliers – general spares & products
- 100) Fire Fighting Rescue & Safety Equipment suppliers
- 101) Fire Fighting vehicle suppliers

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- 102) Fire extinguishing
 - 103) Fire protection & detection
 - 104) Florist
 - 105) Food Platters
 - 106) Floor coverings
 - 107) Fuel supplies
 - 108) Fencing
 - 109) Fire fighting equipment & consumables
 - 110) General cleaning material suppliers
 - 111) Gift / corporate gifts
 - 112) Groceries, coffee, tea and milk
 - 113) Hardware – general supplies
 - 114) Health safety & environment suppliers
 - 115) Industrial cleaning chemicals / material suppliers
 - 116) Masonry product suppliers
 - 117) Newspaper suppliers
 - 118) Office furniture suppliers – tables, chairs, etc.
 - 119) Office equipment suppliers – fridges, vacuum cleaners, etc
 - 120) Paint suppliers
 - 121) Photocopiers & fax machine suppliers
 - 122) Photography, frames & medals
 - 123) Plumbing suppliers
 - 124) Promotional materials
 - 125) Protective clothing / uniforms
 - 126) Restaurants
 - 127) Security & access control equipment & maintenance
 - 128) Signs and accessories
 - 129) Sound system / equipment suppliers & maintenance
 - 130) Stationery suppliers
 - 131) Take-away (fast food & drinks)
 - 132) Telephone systems
 - 133) Tyre supply & repairs
 - 134) Vehicle suppliers
88. Accreditation certificate / registration with authorised bodies are required, where applicable or in any way possible, e.g. IT Accreditation Certificate, Food Handling Certificate.
89. Where possible, for progressive exclusivity bids, commodities may be broken down further per local municipal area.

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PROCUREMENT DOCUMENTS

90. Industry standard forms of contract will as far as possible be used to establish risks, liabilities and obligations of the Municipality and the contractor.
91. Use will be made as far as possible of South African National Standards to establish requirements.
92. The accounting officer must establish the criteria to which bid documentation for a competitive bidding process must comply, which in addition to section 24 of this policy, the bid documentation must –
- (a) take into account –
 - (i) the general and specific conditions of contract;
 - (ii) any Treasury guidelines on bid documentation;
 - (iii) any penalty clauses; and
 - (iv) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
 - (b) include evaluation and adjudication criteria, including any criteria required by other applicable legislation and all the necessary declaration statements and proof;
 - (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
 - (d) if the value of the transaction is expected to exceed R 10 million (VAT included), require bidders to furnish–
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
 - (a) for the past three years; or
 - (b) since their establishment if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality is expected to be transferred out of the Republic; and

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- (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.
93. A non-refundable amount determined by the Bid Specification Committee will be charged for procurement documents issued by the Municipality to prospective bidders to cover cost of reproduction, or documents will be provided free of charge, depending on the cost of reproduction.

NEGOTIATIONS WITH PREFERRED BIDDERS

94. (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.
- (2) Minutes of such negotiations must be kept for record purposes.

COMMITTEE SYSTEM, COMPOSITION AND FUNCTIONS FOR COMPETITIVE BIDDING

95. The accounting officer is required to –
- (a) establish a committee system for competitive bids consisting of at least –
 - (i) a bid specification committee;
 - (ii) a bid evaluation committee; and
 - (iii) a bid adjudication committee;
 - (b) appoint the members of each committee, taking into account section 117 of the Act; and
 - (c) provide for an attendance or oversight process by a neutral or independent observer, appointed by the accounting officer, when this is appropriate for ensuring fairness and promoting transparency.
 - (d) All Bid committee meetings must be recorded and the recordings should be downloaded and saved by the SCM unit / bid committee secretaries.
 - (e) SCM and bid committee duties constitutes an extension of an official's job description as delegated by the MM and carries the same disciplinary consequences if not carried out with the diligence and care as with other duties in terms of employees' job descriptions.

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(I) Bid specification committee

96. (1) This committee is responsible for compiling bid (tender) specifications and Terms of Reference; and functions specified in Regulation 27 of the SCM. The specifications committee may be comprised of one or more officials from the municipality or entity and, where appropriate, include external specialist advisors.

(2) Specifications for each procurement –

- (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
- (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
- (c) where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
- (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
- (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the words “equivalent”;
- (f) must indicate the points allocated to each BBBEE Contribution Status Level in terms of the points system set out in terms of the Preferential Procurement Policy Framework Act, 2000, and the Preferential Procurement Regulations, 2011;
- (g) Must be accompanied by a detailed evaluation criterion for the said bid.
- (h) Specifications drafted by the Project Manager and considered by the Specifications Committee should be signed off by the Head of the Department and if technical related, also by the Head of the Infrastructure Department to confirm approval thereof.
- (i) Specifications already approved in (h) above cannot be changed by the Project Manager without BSC consideration and approval as well as the departmental head approval.
- (j) The Departmental head should take responsibility for the specifications, costing and budget implications.
- (k) The Project Manager should properly research on related specifications and market related pricing.
- (l) must be approved by the departmental manager, CFO and accounting officer prior to publication of the invitation for bids in terms of section 53 of this policy.
- (m) Project specifications must have a payment schedule based on either project phases or percentage of completion
- (n) An individual asset report containing cost price, accumulated depreciation and current value of an asset should be drawn from the IFMS and attached to the specification to establish if it is economical to refurbish an existing an asset or not.

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- (o) The tender document for consultants must include a table for construction pricing estimate that must be completed by all bidders so to establish their costing for professional fees which must also be indicated on the evaluation report and recommendations.
- (p) The functionality criteria and functionality cut off points should be set considering the frequency, technicality and the number of related projects required for the project.
- (q) The project manager and departmental manager are appointed as variable BSC members for the specific project in their department.

(3) 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.

(II) Bid evaluation committee

97. (1) This committee functions as per Regulation 28 of the SCM. The committee is responsible for the evaluation of bids received and to verify legal criteria and past performance history of the bidder. Membership of this committee as far as possible should comprise of officials from the department requiring the goods and/or services and at least one Supply Chain Management practitioner of the Municipality or entity. This committee should evaluate all bids received and submit a report and recommendation(s) regarding the award of the bid(s) to the adjudication committee.

(2) The bid evaluation committee must:

- (a) evaluate bids in accordance with –
 - (i) the specifications for a specific procurement; and
 - (ii) the points system set out in terms of the Preferential Procurement Policy Framework Act, 2000, and the Preferential Procurement Regulations, 2011;
- (b) evaluate each bidder's ability to execute the contract;
- (c) check in respect of the recommended bidder and all of its shareholders whether municipal rates and taxes and municipal service charges are not in arrears; if during the evaluation and adjudication the recommended bidder's municipal account is in arrears; the bidder must be contacted and update his / her account before appointment.
- (d) check that all minimum requirements are met;
- (e) evaluate and verify functionality criteria, supporting information and scores
- (f) check that the tender and bid documentation complies with the WDM SCM Policy
- (g) check that the bidder is not a related party (involvement of participants working for organs of state) (MBD4)
- (h) recalculate pricing and ensure that the project is implementable on the prices quoted as well as being market-related / value-for-money
- (i) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.
- (j) Take cognizance of referrals from BAC and ensure their implementation

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(3) The bid evaluation committee must as far as possible be composed of –

- (a) Officials (technical experts) from departments requiring the goods or services;
- (b) at least one supply chain management practitioner of the municipality to ensure compliance with SCM procedures.

Subject to the subsection (3):

- (i) the composition of the bid evaluation committee may change to accommodate different scenarios;
 - (ii) members from the bid specification committee may also form part of the bid evaluation committee; and
 - (iii) a member (preferably the Chairperson) from the bid evaluation committee shall present reports to the bid adjudication committee, but only as an advisor;
- (c) Project managers are not officially appointed BEC members but are appointed as variable BEC members only for the purpose of evaluating their specific projects;
- (d) Departmental managers must chair the BEC meeting of the specific project within their department and are seen as full and equal members of BEC for the evaluation of their projects and therefore form part of the quorum and is allowed to vote in the final recommendation and any other participation pertaining to their project in BEC;

(III) Bid adjudication committee

98. (1) The committee functions as per Regulation 29 of the SCM. The committee should consider the report(s) and recommendation(s) made by the evaluation committee. Depending on the delegations granted by the Accounting Officer, the adjudication committee could make the final award of the bid, or make a recommendation to the Accounting Officer to make the final award.
- (2) The bid adjudication committee shall comprise of the Chief Financial Officer, and at least three other Senior Managers nominated by the Municipal Manager and at least one senior supply chain management practitioner who is an official of the municipality. Such committees will be convened and chaired by the Chief Financial Officer.
- (3) The accounting officer must appoint the chairperson of the bid adjudication committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- (4) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –
- (i) check in respect of the preferred bidder and all of its shareholders whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
 - (ii) notify the accounting officer.

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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 subsection (4); 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.

- 99. The bid specification and bid evaluation committees for tenders and expressions of interest are fixed committees with variable members being the project managers or technical experts of the relevant tender.
- 100. The MM has the authority to also assign other variable members to the respective bid committees.
- 101. The Chairperson of the Bid Evaluation Committee shall be invited to present the evaluation report in the meetings of the Bid Adjudication Committee or any other delegated official by the BEC.
- 102. Members of the Bid Adjudication Committee will vote on the discussions for items serving before the Bid Adjudication Committee from their department or division as long as they were not involved in the evaluation of that tender.
- 103. Departmental manager that chaired BEC meeting during their respective projects will only present the evaluation report to BAC and will not have voting rights.
- 104. Independent experts may be co-opted to such committees in an advisory capacity should this be necessary and shall not have any voting rights.
- 105. The Municipal Manager must ensure that (where possible and necessary) all members of the Bid Committees as well as the secretariat to these committees are cleared by the relevant authority(ies).
- 106. 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.
- 107. BAC must take cognizance of referrals from MM and ensure their implementation.

Turnaround times for tenders

- 108. In order to reduce the delays in implementing projects, the following should be applied:
 - a. All WDM future projects the turnaround times from the closing date of the tender to final BEC report must be one (1) month.
 - b. Municipal Manager must be copied on all bid committees meeting invitations and apologies for nonattendance of bid committee meetings by members must be sent to Municipal Manager, who will either approve or disapprove the non attendance.

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- c. That bid committees members must be informed that no other meeting takes precedence over bid committee meetings.
- d. That SCM Advisors to bid committees must report to the Municipal Manager immediately if the meeting arranged cannot take and reasons thereof must be mentioned.
- e. Corrections made on the evaluation reports submitted by the project managers are the responsibility of the BEC and BEC must ensure that the project managers submit the correct reports. BEC must not delegate that SCM and project managers should edit and finalise the evaluation reports including checking arithmetic errors on quotations.
- f. BAC recommendations must be sent to BAC Chairperson and Municipal Manager for signature once all CONDITIONS have been investigated and resolved and supporting documents for those investigations should be attached to the recommendation. If conditions are not resolved the item must be referred back to BAC.
- g. Better planning must go into the adjudication of projects so that errors on the BAC agendas and evaluation reports submitted can be minimised.
- h. Where due to pricing inconsistencies bidders are required to submit revised quotations / proposals, the revised quotations and proposals should be deposited in the tender box.
- i. When information (for example contactable reference) has been obtained from a bidder telephonically or in writing during evaluation stage of the tender due to WDM incomplete tender document template, that information is be accepted and can be used by bid committees to evaluate that bid further.
- j. The project managers must ensure that SLA's are drafted and reviewed by DM Legal; and signed by the Municipal Managers and the appointed service provider within two (2) weeks after the appointment letters have been issued. SCM will not raise purchase orders if the signed SLA is not attached.

POWERS OF THE BID COMMITTEES

- 109. Allocation of points shall be done by Bid Specification Committee taking into consideration the nature of the services being procured, affirmative procurement and Black Economic Empowerment targets and other wide industry, economic and social factors.
- 110. The Bid Adjudication Committee may prior to award of a contract, cancel a tender process if due to change in circumstances, there is no longer a need for goods or services, funds are no longer available to cover the total envisaged expenditure or acceptable tenders have not been received.
- 111. The Bid Evaluation Committee shall determine the eligibility of prospective bidders and carry out evaluation using the approved scoring method and make recommendations to the Bid Adjudication Committee
- 112. The Bid Adjudication Committee shall recommend an award of contract provided it is within the delegated authority or recommend award of contracts to the Municipal Manager. Provided, however that in the event the Municipal Manager shall disapprove such recommendation, such disapproval shall be based only on valid, reasonable, justifiable grounds to be expressed in writing.

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113. The secretariat shall ensure that records of all procurements, disposals and contract management are properly maintained, decisions and discussions are recorded and clear audit trails exist in order to ensure openness and probity.
114. If at any point during the procurement stage a dispute arises between any parties or committees involved in the procurement process, the matter has to be referred to the MM for final determination on the issue as soon as possible to avoid delays in procurement processes.

QUORUM

115. A majority (physically present) of the Bid Adjudication Committee composition as designated shall constitute a quorum for the transaction of business.
116. The decision of at least a majority of those present at a meeting at which there is a quorum shall be valid and binding as an act of the Bid Adjudication Committee.

Preference points system, evaluation of bids, awarding of bids not scoring highest points, cancellation and re-invitation of bids

117. The 80/20 preference point system

- (1) The following formula must be used to calculate the points for price in respect of bids/procurement with a Rand value equal to, or above R 30 000 and up to a Rand value of R1 000 000:

$$Ps = 80 \left(1 - \frac{Pt - Pmin}{PMIN} \right)$$

Where

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

Pt = Comparative price of bid or offer under consideration

Pmin = Comparative price of lowest acceptable bid or offer.

- (2) A maximum of 20 points shall be awarded for attaining the BBBEE Status Level of contributor in terms of Preferential Procurement Regulations, 2011.
- (3) The points scored by a bidder in respect of the BBBEE status level of contributor in terms of the in terms of Preferential Procurement Regulations, 2011 must be added to the points scored for price.
- (4) Only the bid with the highest number of points scored may be selected unless prohibited by any section provided for by this policy

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118. The 90/10 preference point system

- 1) **The following formula must be used to calculate the points for price in respect of bids/procurement with a Rand value above R 1 000 000:**

$$Ps = 90 \left(1 + \frac{Pt - Pmin}{Pmin} \right)$$

Where

Ps = Points scored for comparative price of bid or offer under consideration
Pt = Comparative price of bid or offer under consideration
Pmin = Comparative price of lowest acceptable bid or offer.

- (2) A maximum of 10 points shall be awarded for attaining the BBBEE Status Level of contributor in terms of Preferential Procurement Regulations, 2011.
- (3) The points scored by a bidder in respect of the BBBEE Status Level of contributor in terms of the Preferential Procurement Regulations, 2011 must be added to the points scored for price.
- (4) Only the bid with the highest number of points scored may be selected unless prohibited by any section provided for by this policy

SALE AND LETTING OF ASSETS

119. The preference point systems prescribed in the PPPFA and the Preferential Procurement Regulations, 2011 are not applicable to the sale and letting of assets.
120. In instances where assets are sold or leased by means of advertised competitive bids or written price quotations or by auctions the award must be made to the highest bidder.
121. The highest bidder must submit an original valid tax clearance certificate.

EVALUATION OF BIDS BASED ON FUNCTIONALITY AS A CRITERION

122. Bids invited on the basis of functionality as a criterion must be evaluated in two stages – first functionality must be assessed and then in accordance with the 80/20 or 90/10 preference point systems prescribed in Preferential Procurement Regulations 5 and 6. The evaluation must be done as follows:

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First stage – Evaluation of functionality

123. Bids must be evaluated in terms of the evaluation criteria embodied in the bid documents. The amendment of evaluation criteria, weights, applicable values and/or the minimum qualifying score for functionality after the closure of bids is not allowed as this may jeopardise the fairness of the process.
- a. A bid will be considered further if it achieves the prescribed minimum qualifying score for functionality.
 - b. Bids that fail to achieve the minimum qualifying score for functionality must be disqualified.
 - c. Score sheets should be prepared and provided to panel members to evaluate the bids.
 - d. The score sheet should contain all the criteria and the weight for each criterion as well as the values to be applied for evaluation as indicated in the bid documents.
 - e. Each panel member should after thorough evaluation independently award his / her own value to each individual criterion.
 - f. Score sheets should be signed by panel members and if necessary, written motivation may be requested from panel members where vast discrepancies in the values awarded for each criterion exist.
 - g. If the minimum qualifying score for functionality is indicated as a percentage in the bid documents, the percentage scored for functionality may be calculated as follows:
 - a. The value awarded for each criterion should be multiplied by the weight for the relevant criterion to obtain the score for the various criteria;
 - b. The scores for each criterion should be added to obtain the total score; and
 - c. The following formula should be used to convert the total score to percentage for functionality:

$$Ps = \frac{So}{Ms} \times 100$$

where:

Ps = percentage scored for functionality by bid under consideration

So = total score of bid under consideration

Ms = maximum possible score

- h. The percentage of each panel member should be added and divided by the number of panel members to establish the average percentage obtained by each bidder for functionality.

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Second stage – Evaluation in terms of the 80/20 or 90/10 preference point systems

- i. Only bids that achieve the minimum qualifying score / percentage for functionality must be evaluated further in accordance with the 80/20 or 90/10 preference point systems prescribed in Preferential Procurement Regulations 5 and 6.

LOCAL PRODUCTION AND CONTENT

Designated Sectors

124. Bids in respect of services, works or goods that have been designated for local production and content, **must** contain a specific bidding condition that only locally produced goods, services or works or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered.
125. AOs / AAs must stipulate in bid invitations that the exchange rate to be used for the calculation of local content (local content and local production are used interchangeably) must be the exchange rate published by the SARB at 12:00 on the date, one week (7 calendar days) prior to the closing date of the bid.
126. Only the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:201x must be used to calculate local content. The following formula to calculate local content must be disclosed in the bid documentation:
127. The local content (LC) as a percentage of the bid price must be calculated in accordance with the SABS approved technical specification number SATS 1286: 201x as follows:

$$LC = 1 - \left(\frac{x}{y} \right) \times 100$$

Where

x imported content

y bid price excluding value added tax (VAT)

Prices referred to in the determination of x must be converted to Rand (ZAR) by using the exchange rate published by the SARB at 12:00 on the date, one week (7 calendar days) prior to the closing date of the bid.

128. For the purpose of paragraphs 124, 125 and 126 above, the MBD 6.2 (Declaration Certificate for Local Content) must form part of the bid documentation.
129. The Declaration Certificate for Local Content (MBD 6.2) must be completed and duly signed. AOs / AAs are required to verify the accuracy of the rates of exchange quoted by the bidder in paragraph 4.1 of this Certificate.

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Non-Designated Sectors

130. Where there is no designated sector, AOs / AAs may decide to include a specific bidding condition that only locally produced goods, services or works or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered, 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 dti.
131. AOs / AAs must stipulate in bid invitations that the exchange rate to be used for the calculation of local content must be the exchange rate published by the SARB at 12:00 on the date, one week (7 calendar days) prior to the date of closure of the bid.
132. Only the South African Bureau of Standards approved technical specification number SATS 1286:201x as indicated in paragraph 126 above must be used to calculate local content.
133. For the purpose of paragraphs 130, 131 and 132 above, the MBD 6.2 (Declaration Certificate for Local Content) must form part of the bid documentation.
134. The Declaration Certificate for Local Content (MBD 6.2) must be completed and duly signed. AOs / AAs are required to verify the accuracy of the rate(s) of exchange quoted by the bidder in paragraph 4.1 of this Certificate.

EVALUATION OF BIDS BASED ON A STIPULATED MINIMUM THRESHOLD FOR LOCAL PRODUCTION AND CONTENT

135. Bids that were invited on the basis of local production and content should be evaluated by following a two-stage bidding process:
136. **First stage – Evaluation in terms of the stipulated minimum threshold for local production and content**
- 136.1 Bids must be evaluated in terms of the evaluation criteria stipulated in the bid documents. The amendment of the stipulated minimum threshold for local production and content after the closure of bids is not allowed as this may jeopardise the fairness of the process.
- 136.2 A bid will be disqualified if:
- the bidder fails to achieve the stipulated minimum threshold for local production and content; and
 - the Declaration Certificate for Local Content (MBD 6.2) referred to in paragraphs 127 and 133 is not submitted as part of the bid documentation.
- 136.3. Calculation of Local Content
- 136.3.1 The local content (LC) as a percentage of the bid price must be calculated in accordance with the SABS approved technical specification number SATS 1286: 201x as indicated in paragraph 126 above.

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136.3.2 AOs / AAs must verify the accuracy of the rates of exchange quoted by the bidder in paragraph 4.1 of the Declaration Certificate for Local Content (MBD 6.2)

137. Second stage - Evaluation in terms of the 80/20 or 90/10 preference point systems

137.1 Only bids that achieve the minimum stipulated threshold for local production and content must be evaluated further in accordance with the 80/20 or 90/10 preference point systems prescribed in Preferential Procurement Regulations 5 and 6.

137.2 Where appropriate, prices may be negotiated only with short listed or preferred bidders. Such negotiations must not prejudice any other bidders.

Price adjustment due to fluctuation in the rate of exchange

138. The WDM can absorb the risk and service provider may bid on firm prices that are subject to ROE.

139. The risk may be transfer to the service provider if it is prescribed that the prices will be fixed for the entire duration of the contract, irrespective of the currency fluctuations. In its bidding price the service provider will increase it price to cater for the fluctuations.

140. The risk can also be shared, where the maximum limit of a certain Rand value of risk absorbed by WDM is indicated in the specifications and the remainder of risk be absorbed by bidder.

Stipulation of preference point system to be used

141. The municipality shall, in the bid documents, stipulate the preference point system which will be applied in the adjudication of bids.

Award of contract to bid not scoring the highest number of points

142. Despite subsections 117(4) and 118(4), a contract may, on reasonable and justifiable grounds, be awarded to a bid that did not score the highest number of points. The reasons for such a decision must be approved and recorded for audit purposes and must be defensible in a court of law.

Cancellation and re-invitation of bids

143. The municipality may, prior to the award of a bid, cancel a bid if:

- (a) due to changed circumstances, there is no longer need for the goods or services bided for; or
- (b) funds are no longer available to cover the total envisaged expenditure; or
- (c) no acceptable bids are received.

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- (d) If there was a deviation or an error in the procurement process.
 - (e) The evaluation criteria (90/10) or (80/20) was estimated incorrectly.
144. In the event that, in the application of the 80/20 preference point system as stipulated in the bid documents, all bids received exceed the estimated Rand value of R 1 000 000, the bid invitation must be cancelled.
145. In the event that, in the application of the 90/10 preference point system as stipulated in the bid documents, all bids received are equal to, or below R 1 000 000, the bid must be cancelled.

General Conditions

146. (1) The municipality may, before a bid is adjudicated or at any time, require a bidder to substantiate claims it has made with regard to preference points.
- 2) Points scored, must be rounded off to the nearest 2 decimals.
- 3) **EVALUATION OF BIDS THAT SCORED EQUAL POINTS**
- (a) In the event that two or more bids have scored equal total points, the successful bid must be the one that scored the highest points for B-BBEE.
 - (b) 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.
 - (c) In the event that two or more bids are equal in all respects, the award must be decided by the drawing of lots.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE) STATUS LEVEL CERTIFICATES

147. Bidders are required to submit original and valid B-BBEE Status Level Verification Certificates or certified copies thereof together with their bids, to substantiate their B-BBEE rating claims.
148. Bidders who do not submit B-BBEE Status Level Verification Certificates or are non-compliant contributors to B-BBEE do not qualify for preference points for B-BBEE but should not be disqualified from the bidding process. They will score points out of 90 or 80 for price only and zero (0) points out of 10 or 20 for B-BBEE.
149. A trust, consortium or joint venture must submit a consolidated B-BBEE Status Level Verification Certificate for every separate bid.
150. Public entities and tertiary institutions must also submit B-BBEE Status Level Verification Certificates together with their bids.

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151. If the municipality is already in possession of a valid and original or certified copy of a bidder's B-BBEE Status Level Verification Certificate that was obtained for the purpose of establishing the database of possible suppliers for price quotations or that was submitted together with another bid, it is not necessary to obtain a new B-BBEE Status Level Verification Certificate each time a bid is submitted from the specific bidder, as long as the current certificate is still valid.

Such a certificate may be used to substantiate B-BBEE rating claims provided that the closing date of the bid falls within the expiry date of the certificate that is in the institution's possession.

Each time this provision is applied, cross-reference must be made to the B-BBEE Status Level Verification Certificate already in possession for audit purposes.

152. AOs must ensure that the B-BBEE Status Level Verification Certificates submitted are issued by the following agencies:

152.1 Bidders other than EMEs

- (a) Verification agencies accredited by SANAS; or
- (b) Registered auditors approved by IRBA.

152.2 Bidders who qualify as EMEs

- (a) Accounting officers as contemplated in the CCA; or
- (b) Verification agencies accredited by SANAS; or
- (c) Registered auditors. (Registered auditors do not need to meet the prerequisite for IRBA's approval for the purpose of conducting verification and issuing EMEs with B-BBEE Status Level Certificates).

VALIDITY OF B-BBEE STATUS LEVEL VERIFICATION CERTIFICATES

Verification agencies accredited by SANAS

153. These certificates are identifiable by a SANAS logo and a unique BVA number.
154. Confirmation of the validity of a B-BBEE Status Level Verification Certificate can be done by tracing the name of the issuing Verification Agency to the list of all SANAS accredited agencies.

The list is accessible on http://www.sanas.co.za/directory/bbee_default.php.

The relevant BVA may be contacted to confirm whether such a certificate was issued.

155. As a minimum requirement, all valid B-BBEE Status Level Verification Certificates should have the following information detailed on the face of the certificate:

- The name and physical location of the measured entity;

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- The registration number and, where applicable, the VAT number of the measured entity;
- The date of issue and date of expiry;
- The certificate number for identification and reference;
- The scorecard that was used (for example EME, QSE or Generic);
- The name and / or logo of the Verification Agency;
- The SANAS logo;
- The certificate must be signed by the authorized person from the Verification Agency; and
- The B-BBEE Status Level of Contribution obtained by the measured entity.

Registered auditors approved by IRBA

156. The format and content of B-BBEE Status Level Verification Certificates issued by registered auditors approved by IRBA must -
- Clearly identify the B-BBEE approved registered auditor by the auditor's individual registration number with IRBA and the auditor's logo;
 - Clearly record an approved B-BBEE Verification Certificate identification reference in the format required by the SASAE;
 - Reflect relevant information regarding the identity and location of the measured entity;
 - Identify the Codes of Good Practice or relevant Sector Codes applied in the determination of the scores;
 - Record the weighting points (scores) attained by the measured entity for each scorecard element, where applicable, and the measured entity's overall B-BBEE Status Level of Contribution; and
 - Reflect that the B-BBEE Verification Certificate and accompanying assurance report issued to the measured entity is valid for 12 months from the date of issuance and reflect both the issuance and expiry date.
157. Confirmation of the validity of a B-BBEE Status Level Verification Certificate can be done by tracing the name of the issuing B-BBEE approved registered auditor to the list of all approved registered auditors. The list is accessible on <http://www.thedti.gov.za> and <http://www.irba.co.za>.

The relevant approved registered auditor may be contacted to confirm whether such a certificate was issued.

Accounting officers as contemplated in section 60(4) of the CCA;

158. These certificates will be issued in the accounting officer's letterhead with the accounting officer's practice number and contact number clearly specified on the face of the certificates.

VERIFICATION CERTIFICATES IN RESPECT OF EMEs

159. In terms of the Generic Codes of Good Practice, an enterprise including a sole propriety with annual total revenue of R 5 million or less qualifies as an EME.

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160. In instances where Sector Charters are developed to address the transformation challenges of specific sectors or industries, the threshold for qualification as an EME may be different from the generic threshold of R 5 million. The relevant Sector Charter thresholds will therefore be used as a basis for a potential bidder to qualify as an EME. For example the approved thresholds for EMEs for the Tourism and Construction Sector Charters are R 2.5 million and R 1.5 million respectively.
161. EMEs are deemed to have a B-BBEE status of "level four (4) contributor". In instances where EMEs are more than 50% owned by black people, such EMEs qualify as "B-BBEE status level three (3) contributors".
162. Sufficient evidence to confirm a qualifying EME is a certificate issued by an Accounting Officer (as contemplated in the CCA), a similar certificate issued by a Registered Auditor or a Verification Agency.
163. When confirming the validity of a certificate in respect of an EME, the following should be detailed on the face of the certificate:
- The Accounting Officer's or Registered Auditor's letter head with full contact details;
 - The Accounting Officer's or Registered Auditor's practice numbers;
 - The name and the physical location of the measured entity;
 - The registration number and, where applicable, the VAT number of the measured entity;
 - The date of issue and date of expiry;
 - The B-BBEE Status Level of Contribution obtained by the measured entity; and
 - The total black shareholding and total black female shareholding

Black Economic empowerment and other socio economic objectives

164. The WDM must award points for preference objectives in accordance with the PPPFA and its Preferential Procurement Regulations 2011, which also incorporate the 80/20 and 90/10 scoring models.
- a. The WDM aims at meeting the principles of BEE as stipulated in the BEE Act and will apply general score cards or sector specific Charters where applicable.
 - b. Other socio-economic objectives not addressing the RDP requirements and targeting previously disadvantaged individuals, such as HIV/AIDS, Enterprise Development, EPWP and environmental conditions must be addressed through contract specification or scope of work.
 - c. In case an award (projects of rand value over R 2 million) is made to an Enterprise located outside the district municipality of Waterberg, 15% of the total infrastructure project must be sub-contracted to an enterprise located in the Waterberg district for transfer of skills provided the subcontracted contractor appears on the WDM database.

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Procurement of banking services

165. Procurement of banking services shall be undertaken as per Supply Chain Management Regulation 30:
166. (1) A contract for the provision of banking services to the municipality:
- (a) must be procured through competitive bids;
 - (b) must be consistent with section 7 or 85 of the Act; and
 - (c) may not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- (3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of section 53. Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

Procurement of IT Related goods or services

167. Procurement of IT related goods or services shall be undertaken as per Supply Chain Management Regulation 31:
168. (1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (3) The accounting officer must notify SITA together with a motivation of the IT needs if –
- (a) the transaction value of IT related goods or services required in any financial year will exceed R 50 million (VAT included); or
 - (b) the transaction value of a contract to be procured whether for one or more years exceeds R 50 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 provincial treasury and the Auditor General.

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Responsibility of the Prospective / Eligible Bidder

169. A prospective bidder shall be responsible for:
- taking steps to carefully examine all bidding documents
 - submitting the bid on time, place and format prescribed in the bid documents
 - considering all conditions related to and affecting the bidding, contracting and implementation of the contract
- a. Failure to observe any of the responsibilities stated above (section 162) and this policy in general shall be at the prospective bidder or eligible bidder's own risk.
- b. Before submitting their bids the bidders are deemed to be familiar with this policy, all existing laws and regulations, which may affect the bid and the contract in any way.

Bid evaluation

- c. Late bids will not be accepted and will be returned unopened to the bidder, where possible.
- d. The ratio of points for Preference Objectives shall be developed by the Bid Specification Committee in consultation with the Head of Department responsible for the bid issue. Preference points/specific goals shall be determined in line with the strategic objective of the procurement. This refers to what social group is intended to be empowered.
- e. The evaluation criteria will be clearly stated in the bid documents and cannot be changed post tender closure.

Appointment of Consultants

170. Appointment of consultants shall be done by means of competitive bidding process. In case of infrastructure projects, a threshold not exceeding 17% (in line with guideline: scope of services and tariff of fees for a person registered in terms of the Engineering professions act of 2000 (Act 46 of 2000) to a threshold not exceeding 17.5% as determined on yearly basis.
171. The method of selection of consultants shall be determined by the scope and complexity of the assignment, the quality of service and whether the assignment is non-standard or of routine nature.
172. The guideline for appointment of consultants issued in terms of Section 168 of the MFMA, as well as the prescripts of the CIDB, for the appointments of professional services shall be used.
173. In order to maintain such a high standard of work and keeping in mind the possible risk WDM is exposed to, as well as the relevant legislation governing certain professions, only consultants employing professionals registered with the relevant professions' councils shall be engaged, where applicable.
174. Where appropriate, consultants should have a valid Professional Indemnity Insurance in place at appropriate level for the project.

Consultants commissioned to prepare scopes of work /procurement documents procurements

175. Consultants (contractors) who are commissioned to prepare a scope of work for a particular contract shall be precluded from submitting tender offers for that procurement.

Part 3: Logistics Management

System of Logistics Management

176. The accounting officer must establish an effective system of logistics management in order to provide for the placing of orders, receiving and distribution of goods, expediting orders, transport management, vendor performance, maintenance and contract administration.

The Logistics Management Process

177. For fixed capital items (construction and road projects, immovable property) a process must be adopted ensuring appropriate classification, recording additions to asset and property registers, valuation, main use, etc.
178. The financial system necessary to generate payments must be implemented in a manner which is consistent with the principles attached to the logistics management process.

Inventory Management

179. Should the WDM decide to keep stock such stock must be kept to a minimum and must take into consideration all best practices in inventory management and health and safety regulations and systems.

Part 4: Disposal Management

Disposal and Letting of Assets

180. The Municipal Manager, subject to approval by the Municipality and as per Asset Disposal Policy in compliance with section 14 and 90 of the MFMA, will do away with unserviceable, redundant or obsolete assets (including machinery, furniture, equipment and other tangible items) and appoint a disposals committee to make recommendations in this regard.
181. Assets may be:
- (a) Transferred to another institution or organization of state as per SCM Regulations 40(2)"(a)(ii) which states that the municipality can transfer assets to another organ of state at market related value or, when appropriate, free of charge to an organ of state.
 - (b) Traded through a competitive bid.
 - (c) Sold or auctioned.
 - (d) Destroyed or
 - (e) Disposed of through other means, as the Municipal Manager has formally approved.
182. Immovable properties may be sold only at market related prices except when the public interest of the plight of the poor demands otherwise.
183. Movable assets may be sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
184. If movable assets are not disposed by way of methods described in MFMA section 11, the reasons for the disposal in such another manner should be motivated, certified and recorded for auditing purposes by the Municipal Manager or his delegate and reported to the Council.
185. In the case of the free disposal of computer equipment, the provincial Department of Education must first be approached to indicate within 30 days whether any of the local schools are interested in the equipment;
186. In the case of the disposal of firearms, the National Conventional Arms Control Committee has to approve any sale or donation of firearms to any person or institution within or outside the Republic

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187. In cases where stores (inventory) items or assets are traded in for other stores items or assets, the highest possible trade-in price is to be negotiated.
188. The letting of immovable Municipal property (excluding housing for officials and political office bearers) should be at market-related tariffs, unless the Municipality approves otherwise.
189. The Accounting officer, should review, at least annually when finalizing the budget, all fees, charges, rates, tariffs or scales of fees or other charges relating to the letting of municipal property to ensure sound financial planning and management.
190. The guidelines for the disposal process are included in the WDM Asset Management Policy.

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Part 5: SCM Performance Management and Reporting

191. The Accounting Officer must establish an effective internal monitoring system linked to the organisational risk management, in order to determine, on the basis of a retrospective analysis, whether the authorised SCM process were followed and whether the desired objectives were achieved.
192. The officials or the Bid Adjudication Committee shall report to the Accounting Officer within 5 days of the end of each month as per reporting format to be prescribed by the Accounting Officer.
193. The Accounting Officer shall report to:
- Council on the implementation of the SCM policy within 30 days of the end of each financial year.
 - Mayor on the implementation of the SCM policy within 10 days of the end of each quarter.
 - Council on any serious or material problems in the implementation of this policy
 - National Treasury report on each contract awarded above the value of R 100 000 (VAT included) must be submitted within 15 days of the end of each month.
194. In compliance with MFMA Circular 62 after the closure of any advertised competitive bid, municipalities must, further to information to be published in terms of section 75 of the MFMA, publish on their websites, the reference number of the bid, description of the goods / services / infrastructure project, names of bidders, the BBBEE status level of contribution of bidders, where applicable, the local content percentages of the goods offered and where practical, the total price of the bids.

Part 6: SCM Risk Management

System of Risk Management

195. Risks should be:
- (a) Identified on a case-by-case basis.
 - (b) Allocated to the party best suited to manage such risks.
 - (c) Assigned clearly and unambiguously to the contractor and the Municipality in the procurement documents.
 - (d) Aligned with the Risk Management Policy.
196. The Municipality should apply a risk management policy in all its procurement. Risk management should include the contract award process and continue throughout the life of the contract.
197. For complex, high value purchases other tools include developing a business case, applying due diligence and developing a contract management plan may be necessary.

Combating of abuse of supply chain management system

198. The Accounting Officer must establish a system of combating the abuse of the SCM system and report on such as part of the reporting in fulfilment of SCM Regulation 38.
199. In combating the abuse of the system, the accounting officer must–
- (a) take all reasonable steps to prevent abuse of the supply chain management system;
 - (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
 - (i) take appropriate steps against such official or other role player; or
 - (ii) report any alleged criminal conduct to the South African Police Service;
 - (c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited 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 WDM, 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 WDM or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;

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- (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 WDM 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).
 - *(v) are employed by an Organ of State within a period of 12 months.
200. The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of section 142 (b)(ii), (e) or (f) of this policy.
201. Any fraudulent or material non-disclosure of information (e.g. related parties / interest / collusive bidding) is grounds for disqualification and possible suspension.

COLLUSIVE BIDDING

202. In compliance with MFMA Circular 52, when bids are considered by accounting officers, all reasonable steps are to be taken to deter any form of bid rigging (collusive bidding).
203. Section 4 (1) (b) (iii) of the Competition Act No 89 of 1998, as amended, prohibits an agreement between, or concerted practice by, firms, or a decision by an association of firms, if it is between parties in a horizontal relationship and if it involved collusive bidding (or bid rigging) (refer also to section 198 above).

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INTERFERENCE WITH SCM DOCUMENTS AND SCM PROCESSES:

204. I.t.o. the following MUNICIPAL FINANCE MANAGEMENT ACT, NO 56 OF 2003 Chapters:

CHAPTER 11
GOODS AND SERVICES

Part 1: Supply chain management Interference

118. *No person may—*

- (a) interfere with the supply chain management system of a municipality or municipal entity; or*
- (b) amend or tamper with any tenders, quotations, contracts or bids after their submission.*

CHAPTER 15
FINANCIAL MISCONDUCT

Part 2: Criminal proceedings Offences

173. *(5) A councillor, an official of a municipality ... or any other person is guilty of an offence if that person deliberately or in a grossly negligent way—*
(e) contravenes a provision of section ... 118 ...;

Penalties

174. *A person is liable on conviction of an offence in terms of section 173 to imprisonment for a period not exceeding five years or to an appropriate fine determined in terms of applicable legislation.*

"irregular expenditure". in relation to a municipality ... means-

- (a) expenditure incurred by a municipality ... in contravention of, or that is not in accordance with, a requirement of this Act (MFMA).*

Unauthorized, irregular or fruitless and wasteful expenditure

32. *(5) The writing off in terms of subsection (2) of any ... irregular ... expenditure as irrecoverable, is no excuse in criminal or disciplinary proceedings against a person charge with the commission of an offence or a breach of this Act relating to such ... irregular ... expenditure.*
- (6) The accounting officer must report to the South African Police Service all cases of alleged-*
(a) irregular expenditure that constitute a criminal offence; and

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Penalties, insurance and guarantees

205. Suitable insurance arrangement, liquidated damages or penalty clauses, retentions and various forms of guarantees should be made to protect the interest of WDM.
206. The levels of risks management arrangements should be commensurate with the degree of contractual risk to which the WDM is exposed.
207. Though the WDM would like to promote local and small business, all contracts considered as being of high risk due to the nature and scope of work should be subject to appropriate risk management.
208. The Accounting Officer has the right to impose a penalty equivalent to the offence where poor or unsatisfactory service is rendered and that an additional standard WDM Service Level Agreement which will include a penalty clause should be concluded by all parties on all project, including Infrastructure projects.
209. Penalty will be imposed on the following cases:-
- Late delivery.
 - Poor Quality.
 - Non- compliance to scope of work, reporting requirements and any other tender documents requirements.
 - Any other misrepresentation or poor performance.
210. The expiry date of the implementation period for a project will be as indicated on the tender document.

No extension will be granted for a project without good motivation and any failure to deliver the expected results before or on the specified deadline date will automatically result in penalties to be effected by WDM.

211. Penalties will be calculated ranging from 2% to 25% of the total project amount on the discretion of the municipality. Penalty percentage may be above 25% if the offence is severe.
212. (1) The municipality must adhere to the following general principles with regard to performance guarantees -
- (a) the aforestated performance guarantees must be commensurate with the degree of contractual risk to which the municipality will be exposed;
 - (b) in the case of large and complex contracts, performance guarantees must be requested in order to discourage the submission of irresponsible bids; and,
 - (c) the risk of failure must be distributed between the contracting parties and should be managed so that the municipality's costs resulting from any such failure are recoverable.

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Declaration

213. For purposes of establishing control measures to eliminate fraud and corruption –
- (a) a declaration schedule will form an integral part of all the Municipality's bid documents;
 - (b) bidders must be required to complete the schedule as a prerequisite to submission of any bid;
 - (c) Lack of declarations or incomplete declaration can act as a disqualification.

Declaration of interest by officials, suppliers, service providers and consultants

214. (1) In order to obtain the disclosure of any interests that an official, supplier, service provider or consultant may have with regard to a bid, the declaration of interest schedule must be completed prior to the award of a bid.
- (2) The declaration of interest must be completed by the following persons -
- (a) all officials involved in the evaluation or approval of a bid;
 - (b) all suppliers, service providers or consultants who are involved in the preparation of bid documentation and bid reporting; and,
 - (e) any other person who played a role in the preparation, specification, evaluation and approval of a bid and who has an interest in the award thereof.
 - (f) The municipality reserves the right to vet any official, councillor or supplier who they deem necessary or believe that incorrect information is being supplied.

Surety

215. (1) Sureties must be obtained (in case of poor financial rating) in respect of construction projects, classified as follows:

AMOUNT	PERCENTAGE
R300 000	Nil
R300 001-R1 000 000	5.5%
R1 000 001-R3 000 000	7,5%
R3 000 001-R5 000 000	10%
R5 000 001- and above	12.5%

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- (2) The service provider must seek assistance from the open market in order to meet the surety requirements.
- (3) The Municipality may waive the requirement for a surety on construction contracts that are estimated to be equal to or lower than one million rand [R 1 000 000].
- (4) With regard to the waiving of sureties -
 - a) this may be permitted to assist emerging and HDI entrepreneurs in the small works sector of the construction industry.
 - b) it may further be permitted where a surety, a performance guarantee or funds cannot be obtained with the assistance of the LIMDEV or a similar institution, a written indication thereof to be submitted to the municipality; and,
 - c) the municipality may bear the risks associated with such waiver in order to promote emerging and HDI entrepreneurs.
- (5) No contractor, supplier or service provider may be permitted to undertake more than two contracts simultaneously where sureties have been waived.
- (6) Sureties will be released from their obligations upon their application to the municipality and provided that the municipality is satisfied that the contract has been completed satisfactorily.

Retention

216. (1) A percentage of the costs in respect of construction contracts must be set aside as retention funds.
- (2) No more than 10% of the value of the construction contract must be set aside for purposes of subsection (1).
 - (3) With regard to the release of retention funds -
 - a. 50% of the retention funds shall be released upon practical completion for contracts of not more than R 1000 000 with the remaining 50% released three (3) months after the project has been completed. For contracts with a rand value exceeding R 1 000 000 but not exceeding R 10 000 000, 50% of the retention shall be released upon practical completion with the remainder released six (6) months thereafter.
 - b. For project with a rand value exceeding R 10 000 000, 50% of the retention shall be released upon practical completion with the remainder released twelve (12) months thereafter.
 - c. No retention must be set aside on projects that are not construction related.

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Ethical standards

217. (1) A code of ethical standards is hereby established, in accordance with subsection (2), for officials and other role players in the supply chain management system 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;
 - (d) notwithstanding subsection (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

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- (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 section 216(1) of this policy; or
 - (iii) any alleged breach of this code of ethical standards.
- (3) The municipality shall ensure that –
 - (a) all declarations in terms of subsections 2(d) and (e) must be recorded in a register which the accounting officer must keep for this purpose;
 - (b) all declarations by the accounting officer must be made to the executive mayor of the municipality who must ensure that such declarations are recorded in the register; and
 - (c) appropriate action is taken against any official or other role player who commits a breach of the code of ethical standards.

Inducements, rewards, gifts and favors to WDM officials and other role players

218. 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 WDM for or in connection with the award of a contract; or
 - (b) any reward, gift, favor or hospitality to –
 - (i) any official; or
 - (ii) any other role player involved in the implementation of this Policy.
219. The accounting officer must promptly report any alleged contravention of section 218 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.
220. The Accounting Officer must keep a register for declaration of gifts, rewards and any inducement irrespective of amount. (National Treasury Circular 34). Officials are not allowed to accept a gift more than R 300 and councillors more than R 1 000 of value.

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Sponsorships

221. 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.

Objections, complaints and resolutions of disputes and queries

222. Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action being published, a written objection or complaint against the decision or action.
223. The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes to resolve any disputes and deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
224. A dispute, objection, complaint or query may be referred to the provincial treasury if –
- (a) the dispute, objection, complaint or query is not resolved within 60 days;
or
 - (b) no response is forthcoming within 60 days.
225. If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.
226. This section must not be read as affecting a person's rights to approach a court at any time.

Contracts providing for compensation based on turnover

227. If a service provider acts on behalf of WDM 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 WDM must stipulate –
- (a) a cap on the compensation payable to the service provider; and
 - (b) that such compensation must be performance based.

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Prohibition on awards to persons in the service of the state

228. SCM Regulation 44 states that 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 (including those who were in the service of the state within the last twelve months)
 - (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
 - (c) a person who is an advisor or consultant contracted with the WDM.

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

229. SCM Regulation 45 directs that the accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R 2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –
- (a) the name of that person;
 - (b) the capacity in which that person is in the service of the state; and
 - (c) the amount of the award.

Prohibition on multiple awards to single bidder or listed on defaulters register

230. (a) No bidder must be awarded another contract if the bidder has not fully completed the initial or first contract with the Waterberg District Municipality unless in cases where there is limited competition, time constraints, only one bidder qualified or there are economic benefits in implementing the projects simultaneously.
- (b) No bidder will be awarded a contract in Waterberg if such bidder is listed on the National Treasury default register or NT restricted list or CIDB Defaulters list or WDM Internal Restricted list of poor service providers.



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Clearance Certificates

231. No contract should be concluded with any tenderer whose tax matters are not in order. Prior to the award of a contract the Municipality should be in possession of an original and valid Tax Clearance Certificate issued by the South African Revenue Services for all bids above R 15 000.
232. Prior to the award of a contract the Municipality should be in possession of an original and valid Clearance Certificate issued by the local municipality for all bids above R 15 000 which indicates that there are no amounts owing to the municipality.
233. A successful tenderer shall also submit proof of his/her registration as a levy payer or the alternative prescribed taxation prior to the conclusion of the contract with him / her.
234. A contractor shall also clearly indicate in the tender document whether the contractor is registered for VAT or not. If registered, a copy of the VAT registration certificate shall also be included in the tender documents.

CIDB Practice On Correcting Arithmetic Errors On Bids

235. The CIDB practice advises the Municipality on the followings:
- a) When there is a discrepancy between the amount in words and the amount in figures, the amount in words shall be govern.
 - b) When evaluating the tenders the tender sum amount should be used and the BoQ of the highest ranked tenderer should be corrected after evaluation.
 - c) The gross misplacement of the decimal points, omissions made when completing and the errors in summation of the price in the bill should be checked
 - d) If there is any error in the bill the tenderer should be notified before awarding the tender
 - e) The tenderer should be invited to confirm the tender offer as tendered or accept the corrected total of prices
 - f) If the tenderer elects to confirm the tender offer as tendered, the tenderer may be instructed to adjust the rates which are considered to be imbalanced or unreasonable and to eliminate errors/discrepancies without varying the sum tendered.
 - g) If the tenderer elects to accept the corrected total of prices and this changes the competitive position of the tenderer, then the procedure of evaluating the tenderer on price will be repeated to check the highest ranked tender.

Code of Conduct

236. The officials involved in SCM and other role players must comply with the Code of Ethical Standards and Conducts issued by the CIDB for parties involved in construction procurements and National Treasury's Code of Conduct for supply chain management practitioners and other role players; and other best practices and standards as set from time to time.
237. Service providers, suppliers, contractors, bidders, subcontractors or other role-players will be expected to observe the provisions of section 171 of the MFMA.

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238. 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 WDM envisaged in section 67(1)(h) of the Municipal Systems Act;
 - (b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
 - (c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the MFMA.
239. The Municipal Manager shall report to the Council on the outcome of such matters referred to in section 236, the Municipality may upon receipt of the report decide on restrictions, if any, that are to be placed on the entities in question and their principals on further business with the Municipalities.

Contract Performance Management

240. The basic requirements as stipulated in the MFMA (section 116) should be adhered to namely, writing dispute resolution mechanisms, termination, and periodic review of contracts.
241. All contracts will be subjected to a fair penalty clause to cover any loss incurred by the WDM.
242. Contract variation by not more than 15% (MFMA Circular 62) of the original contract value can be allowed provided they are accommodated in the budget and are approved at the delegated level.
243. The WDM undertakes to effect processing of invoice and effect payment as soon as possible but within the time stipulated in the contract but not exceeding 30 calendar days from the date of receipt by the WDM of a valid claim.
244. Assistance may be given to emerging enterprises in the form of reduced payment periods, where possible and should they request it
245. Performance management of the Contractor and procured goods, services and works should be carried out by the Head of Department initiating the procurement and reported in terms of this policy.
246. For contracts having future budgetary implications the requirements of section 33 of the MFMA must be adhered to in regard to contracts which impose financial implications for three years or more (current financial year included)

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Part 7: Municipal Services Partnerships (including Public Private Partnerships)

247. Municipal Services Partnerships including Public Private Partnerships shall be executed in terms of Part 2 of chapter 11 of the MFMA.

Part 8: Competencies and Training

248. All officials responsible for the SCM will be fully trained on this policy and be conversant with the principles of good SCM in accordance with any Treasury guidelines on SCM training.
249. The Chief Financial Officer will facilitate skills training and an awareness session to ensure that good procurement and contract management practices are disseminated throughout the organization.

Part 9: Operationalization

250. To systemise the procurement process, the Municipal Manager shall pursue the development and approval of a standard operating procedure incorporating a generic SCM manual, standard bidding documents, forms and standard evaluation documents.
251. The SCM policy will be brought into operation through:
- Procurement Directives which shall be issued by the SCM Unit from time to time,
 - Procurement delegations issued in terms of section 82 of MFMA; and
 - SCM procedures
252. The Operationalization shall be managed by the SCM Unit on a day-to-day basis.

Part 10: Expanded Public Works Programme

- 253.** The Expanded Public Works Programme (EPWP) is founded on the principle that the Implementing Agent (national or provincial department, state owned enterprise, municipality or municipal entity) is responsible for identifying and implementing suitable projects in accordance with the published EPWP Guidelines.

Labour-intensive infrastructure projects under the EPWP include:

- using labour-intensive construction methods to provide employment opportunities to local unemployed people;
- providing training or skills development to those locally employed workers;
- building cost-effective and quality assets.

The employment of locally employed temporary workers on all EPWP labour-intensive infrastructure projects must be in accordance with the Code of Good Practice for Employment and Conditions of Work for Special Public Works Programmes issued in terms of the Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997) and promulgated in Government Gazette Notice No. P64 of 25 January 2002.

Part 11: General Prerequisites

254. Introduction

This Section covers a general set of prerequisites that have been identified for supply chain management by the WDM. All bidders must submit the information requested below. Bid documents and registration forms can be obtained in the SCM Unit. Bids will not be considered should the prerequisites not be met.

255. Criteria

- a) Proof of company registration and/or any other form of legal standing must be submitted by all bidders and the company composition form must be completed.
- b) The Declaration of Interest form must be completed.
- c) The bid document must be completed in all respects in black ink.
- d) Bids must be submitted on original bid documents.
- e) Bid documents must remain intact and no portion may be detached.
- f) A joint venture agreement must be formalized prior to submitting a bid.
- g) The tender documents should be deposited in the tender box located at the front door of the Waterberg District Municipality marked "TENDER BOX" on the date and time as determined on the advert.

Minimum requirements

256. The compulsory list of minimum requirements, without which a bidder may be disqualified, is as follows:
- a. Copy of valid company/entity registration certificates
 - b. Certified copy or original Valid Tax Clearance Certificate (if a certified copy is submitted, an original certificate will still be required upon appointment);
 - c. Copy of CIPC certificate of annual returns must be attached
 - d. ID copies of the shareholders
 - e. All MBD Forms must be completed and signed

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- f. Municipal accounts of the company and shareholders which is not in arrears for more than 90 days
 - g. Detailed price schedule as per full scope of work (compliance to specification)
 - h. Copy of WDM receipt for the tender payment
 - i. Any alterations must be initialled
 - j. Form must be signed in black ink
 - k. Price(s) quoted is valid for at least ninety (90) days from the closing date of tender
 - l. Initial each page of NT Conditions of Contract
257. The following would be deemed compulsory, if applicable, and failure to submit, a bidder may be disqualified:
- a. Attendance of Compulsory Briefing Session
 - b. In case of a Joint Venture, Association or Consortium a formal contract agreement must be signed.
 - c. Registration with recognized council body, e.g.
 - i. Certified copy of Motor Industry Registration certificate
 - ii. CIDB Grading Certificate
 - iii. Certified copy of IT Accreditation certificate
258. The following are not compulsory and would not cause disqualification if not submitted, but will result in the bidder scoring zero points in the relevant area during evaluation:
- a. Proof of shareholders' disability
 - b. Curriculum Vitae of team members with certified copies of qualifications, years of relevant experience on similar projects & project names.
 - c. Contactable Reference List of previous completed projects
 - d. Company Profile (Indicating Shareholding, core business, experience, etc.)
 - e. Certified copy of Valid BBBEE certificate. Letter with the status level verification for EMEs.

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259. Where requested, the Contactable Reference list of previous, completed projects must be attached.

Contactable reference list must comprise of the following information:

- Project name,
 - scope / description of appointment,
 - company tendered for,
 - tendered amount,
 - appointment date,
 - contactable references with telephone numbers and completion date.
1. The most relevant and recent projects should be summarized on the tender document template and additional projects and explanations may be included as a separate attachment to the tender document, but in the same format as the tender document template;
 2. A letter or other evidence (appointment letter/ purchase order) from the reference institution indicating that the project was successfully completed should be submitted as evidence. If not submitted, WDM reserve the right to not consider the project during evaluation of experience;
 3. The scope description should be an exact, but very short description of the specific goods or services provided, not vague or in general. E.g. not just "equipment" / "vehicle" / "study", but what type of "___ equipment" / "___ vehicle" / "___ study".
260. Service providers must attach proof of similar project executed from institutions, where functionality on company experience is required, e.g. Appointment letter/ Official purchase order / letter from the institution indicating that the work was indeed executed successfully.
261. The Municipality has the right to score the service providers zero if the evidence is not attached / the referees indicated above are not traceable and they are unable to submit or recall the project as indicated above.
262. It is the responsibility of the service provider to ensure that the contact person and number given for the project executed are still available for verification.
263. Municipal accounts for the physical address of the business and residential addresses of each of its shareholders. The municipal accounts submitted may not be older than 2 months from the closing date of tender
- a. If the proof submitted is not in the name of the company or shareholder, written explanations and evidence must be attached indicating how the proof submitted relates to the said business or shareholder;
 - b. In cases where the address of the business or shareholder is not through ownership but through a lease agreement, a copy of municipal account for the

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owner of the building must be attached as well as a copy of the lease agreement with the said business or shareholder;

- c. Evidence of the Physical addresses of business and shareholders must be attached if not evident from the municipal account;
 - d. This should provide clear evidence that the municipal accounts of the business' address and the residential addresses of every individual shareholder are not in arrears for more than 90 days;
 - e. WDM takes no responsibility to follow up with bidders whose accounts are not clearly explained, if the 90 days debt confirmation is not evident from the records submitted, this will constitute an automatic disqualification from the tender.
264. To avoid unnecessarily sacrificing sufficient competition through harsh disqualifications, the following may be considered:
- a. Checking cashier tender receipt books for confirmation of payment if service provider failed to attach the copy of the receipt;
 - b. Using valid tax clearance certificates available on the supplier database if the bidder neglected to attach it to the specific tender;
 - c. Bidders in tender template specification to paginate pages of tender document (add page numbers with index in the tender document);
 - d. That only legislative required document / criteria for evaluation be considered as minimum required before functionality & pricing evaluation (e.g. complete scope, complete pricing, etc) and that the remainder of the minimum requirements be list be moved to a "minimum requirement before awarding the preferred bidder;
 - e. The rest of the documents can also be requested from the preferred bidders who has passed PPPFA evaluation, if was not attached to the tender document, without immediate disqualification. If they cannot submit the missing documents within 3 working days, then that can constitute disqualification and we will then move on to the other bidder who score highest on PPPFA evaluation.
 - f. During ^{1st} BEC meeting for every project BEC Chair must determine cut-off deadline, in consultation with PM and S57 present at BEC, for the submission of evaluation report to ^{2nd} BEC meeting and enforce compliance with deadline, alternatively report to MM for disciplinary procedures. Project manager & S57 have to compile the evaluation report and SCM has to review. PM and S57 can ask for template and technical assistance from SCM during their preparation of the report;
 - g. Members should not be arriving late and necessitate BEC phoning on commence of the BEC meeting to determine their whereabouts or be absent without an apology. Instances of this nature should be named in minutes and repeat offenders should be reported to MM for disciplinary procedures;
 - h. CK2B is not the only proof that your CIPC registration is up to date. E.g. as long as your COR39 or any other CIPC evidence confirm that your registration is still active of your status says "in business" and this evidence is the most recent version since your annual

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anniversary of registration, then it constitutes sufficient evidence. And even if the evidence submitted is dated March 2014, you're evaluating in Jan 2015, its still sufficient if you can see that the company's annual registration is due on 28 February, thus March 2014 is the most recent version, since the next annual registration is not yet due, only payable in Feb 2015. It might not be necessary to revise the "spec document" but the interpretation will have to be clearly communicated in BEC meetings, because nowhere in any regulations or WDM policy or spec document does it say it has to be a CK2B and it is in any case not necessary to be a CK2B if another document, like to COR39, will suffice;

- i. Listed companies / public companies must submit municipal accouts for the physical address of the business (head office and local branch);
- j. When companies are in a group or dealership the supporting documents of the holding company or principal dealer must be accepted during the evaluation of tenders; and
- k. Other remedial measures as may be approved by the MM from time to time.

Additional prerequisites for professionals

265. Introduction

This Section covers additional Prerequisites for Professionals that have been identified for supply chain management by the WDM. All Professionals must submit the information requested below. Bids will not be considered should the prerequisites not be met.

266. Criteria

- a) Submit proof of Professional Registration with the relevant Professional Body, e.g. The Engineering Council of South Africa.
- b) Submit Professional indemnity and type of cover.
- c) Submit company composition on the Company Composition Form which can be found from the vendor application form in SCM Unit

Additional prerequisites for contractors

267. Introduction

This Section covers additional Prerequisites for Contractors that have been identified for supply chain management by the WDM. All Contractors must submit the information requested below. Registration forms and bid documents are obtainable from the SCM Unit. Bids will not be considered should the prerequisites not be met.

268. Criteria

Contractor Registration

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- a) All contractors including sub-contractors must be registered with the Construction Industry Development Board (CIDB).

Subcontracting

- b) Should the contractor wish to sub contract any portion of the works, the contractor must submit details of subcontract together with names of subcontractor to the WDM.
- c) No Sub Contractors are to further sub contract any portion of the works without disclosing details to WDM for approval prior to commencement of works.
- d) The Company Composition of the subcontracting firm must be disclosed.
- e) A bidder must not be awarded the points claimed for B-BBEE status level of contribution if it is indicated in the bid documents that such a bidder intends subcontracting more than 25% of the contract value to any other enterprise that does not qualify for at least the same number of points that the bidder qualifies for, unless the intended sub-contractor is an EME that has the capability and ability to execute the sub-contract.
- f) A contractor is not allowed to sub-contract more than 25% of the contract value to another enterprise that does not have equal or higher B-BBEE status level, unless the intended sub-contractor is an EME that has the capability and ability to execute the sub-contract.
- g) In relation to a designated sector, a contractor must not be allowed to sub-contract 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.

Joint Ventures

- h) Submit written proof of Joint Ventures - disclosing Joint Venture partnerships (Percentage or names or any other details required by WDM).
- i) All joint venture partners must be registered with the CIDB.
- j) Housing contractors must be registered with the National Home Builders Registration Council (NHBR)
- k) Submit certified copy of consolidated BBBEE Certificate

Additional prerequisites for service providers registering on the Database

269. (a) Proof of physical address
(b) Certified copies of ID
(c) Company/cc registration certificate
(d) Professional registration certificate (CIDB, ECSA, NHBR etc)
(e) All Infrastructure tenders above R 200 000 must be registered on the CIDB website (www.cidb.org.za)
(f) Valid and Original Tax Clearance certificate

WDM SCM POLICY
APPROVED BY COUNCIL ON 28 May 2015

Part 12: Deviation

270. No deviation from this policy will be allowed except with the prior written approval of the Accounting Officer of the Municipality and, where appropriate, that of the Council.
271. Non-compliance to any of the stipulation contained in this policy will be regarded as misconduct, which will be dealt with in terms of the WDM Disciplinary Code

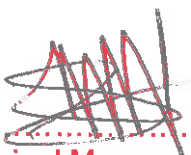
Part 13: Commencement and Revision

272. This policy takes effect on 01 July 2015 and shall be submitted by the Accounting Officer to the Council for review annually before June or as considered necessary to ensure that this policy remains up-to-date and relevant.
273. Any deviation from the Regulations at any given time shall be reported to both the Provincial and National Treasuries in terms of the required MFMA disclosure.

Adopted by Council at its meeting held on2015

as per Council Resolution Number

Signed at Modimole on 23 JUNE 2015


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Municipal Manager