



EDM'S SUPPLY CHAIN MANAGEMENT POLICY

Adopted by Council: 27/05/16 COUNCIL RESOLUTION DC 1054/05/16

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

Date of adoption: **[27/05/16]**

Council resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the following proposal as the Supply Chain Management Policy of the municipality.

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Definitions

1. In this Policy, unless the context otherwise indicates, a word or expression

to which a meaning has been assigned in the Act has the same meaning as in the Act, and -

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

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

“emergency” means is a serious, unexpected, unforeseen and potentially dangerous and damaging situation requiring immediate action and which is not due to lack of planning, if left unattended will cause a serious health/life threatening risk or adverse financial ramifications.

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

“formal written price quotation” means quotations referred to in paragraph 12 (1) (c) of this Policy;

“in the service of the state” means to be -

- (a) a member of -
 - (i) any municipal council;
 - (ii) any provincial legislature; or
 - (iii) the National Assembly or the National Council of Provinces;
- (b) a member of the board of directors of any municipal entity;
- (c) an official of any municipality or municipal entity;
- (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
- (e) a member of the accounting authority of any national or provincial public entity; or
- (f) an employee of Parliament or a provincial legislature;

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

“list of accredited prospective providers” means the list of accredited prospective providers which the **municipality** must keep in terms of paragraph 14 of this policy;

“Other applicable legislation” means any other legislation applicable to municipal supply chain management, including –

- (a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
- (c) the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000);

“PPPFA” means the preferential Procurement policy framework Act, no 5 of 2000

“Manager reporting directly to the Accounting Officer” means a manager in the employment of the Eden District

Municipality who heads a department and reports to the Municipal Manager

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

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

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

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

CHAPTER 1

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

Supply chain management policy

2.

1. All officials and other role players in the supply chain management system of the municipality must implement this Policy in a way that –
 - (a) gives effect to -
 - (i) section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
 - (b) is fair, equitable, transparent, competitive and cost effective;
 - (c) complies with -
 - (i) the Regulatory framework prescribed in chapter 2 of the regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
 - (d) is consistent with other applicable legislation:
 - (i) The Preferential Procurement Policy Framework Act
 - (ii) The Broad Based Black Economic Empowerment Act
 - (iii) The Construction Industry Development Board Act
 - (iv) The Local Government: Municipal Systems Act
 - (v) The Promotion of Administrative Justice Act
 - (vi) The Promotion of Access to Information Act
 - (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
 - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
 - (g) assigns the responsibility for the implementation of policy to the Accounting Officer of the Municipality.
2. The Municipality may not act otherwise than in accordance with the supply chain management policy *when* –
 - a) Procuring goods or services

- b) Disposing of goods no longer needed or which have become redundant
 - c) Disposing or letting of fixed assets, including land needed have proven commercial value no longer required for basic municipal service
 - d) Selecting contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
 - e) Selecting external mechanisms referred to in section 80(1)(b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act
3. This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including -
- (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
 - (b) electricity from Eskom or another public entity, another municipality or a municipal entity.

Adoption and amendment of the supply chain management policy

3.

(1) The accounting officer must

- a) at least annually review the implementation of this Policy; and
 - (i) review compliance to norms and standards
 - (ii) cost efficiency of the supply chain management process
- b) when the accounting officer considers it necessary submit proposals for the amendment of this Policy to the council.

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

- (i) ensure that such proposed amendments comply with the Regulations; and
- (ii) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.

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

(4) The desired outcome of the policy is to provide mechanism to ensure sound, sustainable and accountable Supply Chain Management with the Eden District Municipality while promoting the following LED objectives:

- to stimulate and promote local economic development in a targeted and focused manner;
- to promote resource efficiency and reduce the negative environmental impact of daily operations of the Eden District;
- to facilitate creation of employment and business opportunities for the people of the Eden District with particular reference to B-BBEE;
- to promote the competitiveness of regional businesses;

Delegation of supply chain management powers and duties

4.

- 1) The council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer -
 - i. (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of -
 1. Chapter 8 or 10 of the Act; and
 2. this Policy;
 - ii. (b) to maximise administrative and operational efficiency in the implementation of this Policy;
 - iii. (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
 - iv. (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.

- 2) Sections 79 and 106 of the Act apply to the sub delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).
- 3) The accounting officer may not sub delegate any supply chain management powers or duties to a person who is not an official of municipality or to a committee which is not exclusively composed of officials of the municipality.
- 4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

Sub delegations

5.

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

(2) The power to make a final award -

- a. above R 10 million (VAT included) may not be sub delegated by the accounting officer;
- b. above R 2 million (VAT Included), but not exceeding R 10 Million (VAT Included), may be sub-delegated but only to –
 - (i) the chief financial officer;
 - (ii) a Head of Department; or
 - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
- c. not exceeding R 2 million (VAT Included) may be sub-delegate but only to –
 - (i) the chief financial officer;

- (ii) a Manager directly accountable to Accounting Officer
- (iii) a manager directly accountable to the Chief Financial Officer or a Senior Manager; or
- (iv) a bid adjudication committee.

(3) An official or bid adjudication committee to which the power to make final awards has been sub delegated in accordance with subparagraph 5(2) must within five days of the end of each month submit to the accounting officer a written report containing particulars of each final award made by such official or committee during that month, including-

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

(4) A written report referred to in subparagraph 5(3) must be submitted –

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

- i. the chief financial officer;
- ii. a senior manager; or
- iii. a bid adjudication committee of which the chief financial officer or a senior manager is a member; or

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

- (i) a manager referred to in subparagraph (2)(c)(iii); or
- (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.

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

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

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

Oversight role of council

6.

1. The council reserves its right to maintain oversight over the implementation of this Policy
2. For the purposes of such oversight the accounting officer must –
 - I. within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or share control of the municipality, to the council of the municipality; and
 - II. whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council.
3. The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor
4. The reports must be made public in accordance with section 21A of the Municipal Systems Act.
5. Section 117 of the MFMA prohibits a municipal councillor from being a member of a bid committee or attend any other committee evaluating or approving quotations or bids nor may a Municipal Councillor attend any such meeting as an observer.
6. In order to create an environment where business can be conducted with integrity and in a fair and reasonable manner, this Policy will strive to ensure that the Municipal Manager and all representatives of Eden District Municipality involved in supply chain activities shall act with Integrity and in accordance with the highest ethical standards
7. All supply chain management representatives shall adhere to the code of conduct of municipal staff contained in schedule 2 of the Systems Act, and this Policy's Code of Ethical Standards

Supply chain management unit

7.

- 1) A supply chain management unit is hereby established to implement this Policy.
- 2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.
- 3) The supply chain management unit shall operate as a centralised supply chain management function to administer and co-ordinate all the Supply Chain Management activities and functions of the municipality as described in this Policy unless a function or activity is specifically excluded by the accounting officer from the unit's term of reference
- 4) All Eden District officials shall act with integrity and adhere to the code of conduct of municipal staff contained in schedule 2 of the Systems Act

Training of supply chain management officials

8. The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training. The Skills development Officer (HR) to facilitate the necessary training for the SCM officials to achieve the Minimum Competency Levels as required. Work based skills plan facilitated by Human Resources to form the basis for training of SCM officials.

CHAPTER 2

SUPPLY CHAIN MANAGEMENT SYSTEM

Format of supply chain management system

9.

This Policy provides systems for -

- (i) demand management;
- (ii) acquisition management
- (iii) logistics management
- (iv) disposal management
- (v) risk management
- (vi) performance management

Part 1: Demand management

Demand Management System

10.

- 1) The accounting officer must establish, through operational procedures, and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic goals as outlined in the Integrated Development Plan.
- 2) The Municipality's Integrated Development Plan (IDP) is a comprehensive strategic document setting out how the Municipality intends to tackle its development challenges in a financial year. It is on the basis of the IDP that the resources of the municipality will be allocated and on which the budget is based.
- 3) The demand management system to ensure that each Head of the Department has a yearly plan that will include the following:
 - (a) include timely planning and management processes to ensure that all goods and services required by the municipality / respective departments are quantified and budgeted for. Timely and effectively planning is executed to ensure they are delivered at the right

location, at the critical delivery date, and are of the appropriate quality and quantity at a fair cost; (All Executive / Senior Managers to oversee the Yearly Planning for their respective departments)

- (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; -
- (c) provide for the compilation of the required specifications to ensure that its needs are met.
- (d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.
- (e) In dealing with suppliers and potential suppliers, the Municipality shall respond promptly, courteously and efficiently to enquiries, suggestions and complaints.

(4) Major Activities

- (a) Demand management to be executed following approval and adoption by council of the Integrated Development Plan (IDP) and the Budget or Adjustment budget.
 - (i) Establishing requirements
 - (ii) Determining the needs
 - (iii) Deciding on appropriate procurement strategy
- (b) All procurement to be directly linked to the Demand Management Plan that will entail all envisaged planning for financial year ahead.
- (c) Demand Management Plan of the respective departments to be reviewed by the Accounting Officer or Delegated Official and submitted to Supply Chain Management Unit for planning and execution.
- (d) All deviations to be interrogated by the Accounting Officer against the Demand Management Plan and the Accounting officer to oversee the appropriate remedial steps to be implemented by the relevant executive / senior managers to prevent poor or lack of planning by departments

(5) Demand Management Plan to entail the following:

- a) establishing requirements and needs for the year ahead
- b) deciding on appropriate procurement strategies, use of quotations or bidding
- c) understanding the future needs;
- d) identifying critical delivery dates;
- e) Identifying the frequency of the need;
- f) linking the requirement to the budget;

- g) conducting expenditure analyses based on past expenditure;
- h) determining requirements (including the internal capacity to implement),
- i) conducting commodity analyses in order to check for alternatives; and
- j) conducting industry analyses to establish market prices and strategic industry role players

Part 2: Acquisition management

Acquisition management System

11. (1) The Objective of the System of Acquisition Management is to ensure –

- a) that goods and services are procured by the municipality in accordance with authorised processes only;
- b) That expenditure on goods and services is incurred in terms of an *approved budget in terms of section 15 of the Act*;
- c) that the threshold values for the different procurement processes are complied with;
- d) That bid documentation, evaluation and adjudication criteria, and general conditions of contract are in accordance with any applicable legislation including PPPFA, and any condition of the CIDBA; and
- e) That any Treasury guidelines / circulars on acquisition management are properly taken into account during the review of the SCM Policy.

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

- a) the kind of goods or services; and
- b) the name of the supplier.

Range of procurement processes

12. (1) Goods and services may only be procured by way of -
- a) petty cash purchases, up to a transaction value of R250 (VAT included);
 - b) written quotations for procurements of a transaction value over R250 up to R30 000 (VAT included);
 - c) informal tender for price quotations for procurements of a transaction value over R 30 000 up to R200 000 (VAT included); and
 - d) formal tender process, for competitive bidding process for-
 - (i) procurements above a transaction value of R 200 000 (VAT included); and
 - (ii) the procurement of long term contracts.
 - I. **Detail of procurement process is as per Annexure A, Supply Chain Management Process. The Municipality subscribes to the Preferential Procurement regulation and framework as published on the 7th December 2011 and all its provisions. Assessment of bids and Point allocation for BBBEE to be allotted as per provisions of the act for services providers that have submitted valid BBBEE certificates.**
 - II. **The Tender Documents have been amended and subscribe to the PPPF regulation.**
- (2) The accounting officer may, in writing-
- a) lower, but not increase, the different threshold values specified in subparagraph 12(1); or
 - b) direct that –
 - (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R250;
 - (ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R30 000; or
 - (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.

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

General preconditions for consideration of written quotations or bids

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

(a) has furnished that provider's -

- a. full name;
- b. identification number or company or other registration number; and
- c. tax reference number and VAT registration number, if any;

(b) In the case of transactions exceeding R 30 000, including VAT:

(i) A valid Tax clearance certificate must accompany the bid documents unless the bidder is registered on the accredited Supplier Database of the municipality and the municipality has a valid original tax clearance certificate for the bidder on record. The onus is for the bidder to ensure that the municipality has a valid original tax clearance certificate on record. If the South African Revenue Services (SARS) cannot provide a valid original TAX Clearance certificate; the bidder must submit a letter from SARS on an original SARS letterhead that their tax matters are in order.

(ii) If the bid of the preferred bidder is not supported by a valid TAX Clearance Certificate, either as an attachment to the bid documents or on record in the case of suppliers registered on the supplier Database of the municipality, the municipality reserves the right to request the Bidder to supply the municipality with a valid tax clearance certificate within a prescribed period, failure of which will result in a disqualified bid. *(Within seven days of documentation being submitted to SCM unit)*

(c) has indicated -

- (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
- (ii) if the provider is not a natural person, whether any of its directors,

- 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 director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.(d) The Municipality is aware that not all service providers in the region are registered on the vendor management database; although it's preferable to limit transactions to registered suppliers on the vendor management database the following is applicable to acquiring goods or services from service providers not registered on the database with regards goods and services below R30 000, the following is applicable:
- i. Where less than 3 services providers have been identified on the vendor management system, alternative service providers not registered on the database maybe requested for additional quote(s)
 - ii. Where less than 3 service providers have responded and there is known alternatives not registered on the vendor management system, additional quotations may be requested
 - iii. Where quotations provided are not market related, prices quoted are significantly material above market price, an alternative quotation may be requested from an alternative vendor rendering the same goods and services even if not on the system vendor management system.
 - iv. A declaration form to be attached to the requisition sent to the service provider not listed on the database requesting declaration
 - v. CFO to draft a form to be sent to the service provider baring the minimum requirements to enable DATA unit to capture the service provider on the system
- (e) Where the chosen vendor to render services or supply goods is in accordance to section 13(d) of the Eden District Municipality's Supply Chain Management System, the following must take place
- i. Request for direct payment must be given by the Chief Financial Officer before an order is made out to the Service Provider,
 - ii. User department to inform the CFO if the services of the service provider requested is a once off or if similar services or delivery of goods will be required again in the future.
 - a) Where services or goods delivered are once off the CFO to provide authorisation for direct payment,
 - b) Where it is likely that the similar service or goods requested will be required in the future, then DATA Unit to be approached to engage with the service provider and facilitate the process

of the vendor registering on the Municipality's vendor management database

- iii. The user department and stores must inform Data Unit in Finance of such a service provider and request that database administration form be forwarded to such a service provider,

Lists of accredited prospective providers

14. (1) The accounting officer must -

- a) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
- b) The Municipality's Vendor Database is the database which lists the detail of all suppliers who have registered in order to do business with the Municipality.
- c) Prospective suppliers shall however be allowed to submit applications for registration and amendments for listing on the Municipality's Vendor Database at any time.
- d) The listing criteria for prospective suppliers are:
 - I. Name of supplier / service provider;
 - II. Street address;
 - III. Postal address;
 - IV. Contact person
 - V. Contact person's telephone number (Landline & Cell Phone)
 - VI. Entity's contact details, either or both: fax number & email
 - VII. Alternative Contact person in Accounts Department if there is
 - VIII. Alternative contact details: telephone & Cell phone number
 - IX. Accounts Department's email address or Fax number (either or both)
 - X. Indicate if entity is a VAT Vendor
 - XI. VAT registration number (Applicable if entity is a VAT Vendor);
 - XII. Bank details;
 - XIII. Type of industry
 - XIV. Valid certification for specialized services (Electrician/Financial Services/Legal Services if applicable);
 - XV. Valid tax clearance certificate;
 - XVI. CIDB registration if applicable;

- XVII. Valid certification in respect of Exempted Micro Enterprises or B-BBBEE status level of Contributor- if applicable
 - XVIII. Identification numbers of all members/ directors and partners
- e) The Municipal Manager shall disallow the registration of any prospective supplier whose name appears on the National Treasury's Database of Restricted Suppliers and/or Register for Tender Defaulters and who is therefore prohibited from doing business with the public sector.
 - f) Vendors bidding for Informal/Formal tenders that are not registered on the Municipality's Vendor Database are not precluded from submitting bids, but must however register when called upon to do so, failing which their bid may be declared non-responsive.
 - g) All persons forming part of a Joint Venture or Consortium must provide documentation in their individual capacity as stated in the listing criteria.

Petty cash purchases

- 15.** The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1)(a) of this Policy, are as follows –
1. a manager may delegate responsibility for petty cash to an official reporting to the manager on the following terms:
 - Only a manager may approve or authorize the petty cash voucher.
 - The authorized petty cash voucher with the slip must be filed and recorded in a petty cash register.
 - The petty cash box must be always locked in a safe when it is not in use.
 - The accountant will verify the petty cash reconciliation every time it is replenished.
 - The manager will make surprise inspections of the petty cash as he/she deems fit, but at least once a month.
 2. each manager may make petty cash purchases not exceeding an amount of R1 000 in each month;
 3. a monthly reconciliation report from each manager must be provided to the chief financial officer, including -
 - (i) the total amount of petty cash purchases for that month; and
 - (ii) receipts and appropriate documents for each purchase.

4. the following types of expenditure may not be made from petty cash: all Labour or salary related expenditure

Written or verbal quotations

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

- a) Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
- b) to the extent feasible, providers must be requested to submit such quotations in writing;
- c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or official designated by the accounting officer;
- d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

Formal written price quotations

17. (1) The conditions for the procurement of goods or services through formal written price quotations, are as follows:

- a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality;
- b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
- c) if it is not possible to obtain at least three quotations, the reasons

must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and

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

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

Procedures for procuring goods or services through written or verbal quotations and formal written price quotations

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

- a. when using the list of accredited prospective providers the accounting officer must promote on-going competition amongst providers by inviting all relevant providers to submit quotations. Rotation basis to be considered where pricing is competitive between bidders otherwise normal SCM process to be followed for an award.
- b) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and an official notice board of the municipality;
- c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;
- d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub delegation;
- e) offers below R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods

and services and lowest price;

- f) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;
- g) requirements for proper record keeping must be adhered to, such as:
 - i. filing of documents for audit purposes;
 - ii. ensuring the correctness of documents;
 - iii. before awards are made, proper checking of documents must be done.

Competitive bidding process

19.

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

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

Verification by the Chief Financial Officer prior to advertisement of bids above R10 million. The following information must be submitted by the executive/senior manager responsible for the vote to the CFO **prior** to the public advertisement of any bids in excess of R10 million (all applicable Taxes included):

- I. Proof that the budgetary provision exists for procurement of the goods and services and /or infrastructure projects;
- II. Any ancillary budgetary implications related to the bid, for example, if the project is for the acquisition of a municipal asset, does budgetary provision exist for the operation of the asset, maintenance cost relating to the asset, administration costs and rehabilitation/renewal costs;
- III. Any Multi-years budgetary implications, for example, if the project will take more than one financial year, the estimated expenditure per financial year
- IV. Goods, service and/or infrastructure projects above the value of R10 million (all

applicable taxes included) may only be advertised after the CFO has verified in writing that budgetary provision exists for the commencement of the particular project

- V. Requirements may not be deliberately split into part or items of lesser value merely to avoid the information being submitted
- VI. Contracts above the value of R10 million(all applicable taxes included) may only be awarded to the preferred bidder after Chief Financial Officer has verified in writing that the budgetary provision exists for the acquisition of the goods, infrastructure projects and/or services and that it is consistent with the Integrated Development Plan.
- VII. Requirements of MFMA Circular No. 62 Municipal Finance Management Act No. 56 of 2003 to be applicable with regards to Tenders above R10 million

Process for competitive bidding

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

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

Bid documentation for competitive bids

21. The criteria with which bid documentation for a competitive bidding process must comply, must –

- (a) take into account -
 - (i) the general conditions of contract and any special conditions of contract, if specified;

- (ii) any Treasury guidelines on bid documentation; and
 - (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- (b) include the preference points system to be used, goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish-
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements
 - (aa) for the past three years; or
 - (bb) since their establishment if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a Municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
- (e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

(f) compel bidders to declare their previous supply chain management practices and state whether or not they:

- a. have been found guilty by a court of law or a structure established by council or the accounting officer for handling alleged abuses of the Municipality or the municipal entity's supply chain management system or committed any improper conduct in relation to such a system
- b. have been convicted of fraud or corruption during the past five years
- c. have wilfully neglected, reneged on or failed to comply with any government , municipal or other public sector contract during the past five years
- d. have been listed on the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt activities Act 12 of 2004.

Public invitation for competitive bids

- 22.** (1) The procedure for the invitation of competitive bids, is as follows:
- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
 - (b) the information contained in a public advertisement, must include -
 - (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;

- (ii) a statement that bids may only be submitted on the bid documentation provided by the municipality ;and
- (iii) date, time and venue of any proposed site meetings or briefing sessions.;

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

(3) Bids submitted must be sealed.

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

Procedure for handling, opening and recording of bids

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

(a) Bids-

- i. must be opened only in public;
 - ii. must be opened at the same time and as soon as possible after the period for the submission of bids has expired;
 - iii. and received after the closing time should not be considered and returned unopened immediately.
- (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
- (c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
- (d) The accounting officer must -
- I. record in a register all bids received in time;

- II. make the register available for public inspection; and publish the entries in the register and the bid results on the website.
- III. Publish names of bidders in respect of advertised competitive bids above thresholds value of R 200 000 (Formal Bids – all applicable taxes included).
- IV. After the closure of any advertised competitive Bid, Eden DM must publish information in terms of section 75 of the MFMA; on the municipality's website.

Negotiations with preferred bidders

- 24.** (1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
- i. does not allow any preferred bidder a second or unfair opportunity;
 - ii. is not to the detriment of any other bidder; and
 - iii. does not lead to a higher price than the bid as submitted.
- (2) Minutes of such negotiations must be kept for record purposes.

Two-stage bidding process

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

Committee system for competitive bids

26.

- (1) A committee system for competitive bids is hereby established, consisting of

the following committees for each procurement or cluster of procurements as the accounting officer may determine:

- (a) a bid specification committee;
 - (b) a bid evaluation committee; and
 - (c) a bid adjudication committee.
- (2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and
- (3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with -
- (a) paragraph 27, 28 and 29 of this Policy; and
 - (b) any other applicable legislation.
- (5) The accounting officer may apply the committee system to formal written price quotations.

Bid specification committee

27.

- (1) A bid specification committee should only review specifications compiled by the user department only after being signed off by the head of the user department.
- a) Head of the Department should satisfy themselves that all tenders initiated in the department, formal or informal are aligned or included in the Department's management plan and provided for in the approved budget or adjustment budget
 - b) Every tender, formal or informal, before being submitted to the Supply Chain Management Unit must have the following:
 - a) User Department to identify the appropriate person(s) to compile the relevant specification
 - b) Ensure that the relevant technical expertise would be available in assessing the Technical requirements
 - c) The Risk officer to be invited to all Bid Specification Committee meeting as part of the risk assessment process. Risk assessment may include the content below or alternative as the risk officer may

deem appropriate:

a) –

- I. **Legislative/legal requirements** – prescripts that govern process and legislative requirements
 - II. **Deliverables** – pre define the deliverables and parameters, no open ended contracts with specific reference to use of consultants
 - III. **Time frames** – critical deadlines to be defined, realistic time frames set
 - IV. **Municipal resources** – funding of the project is provided in the approved budget, either as own resources or alternative funding sources
 - V. **Costs** – project roll out cost to give a realistic indication of market conditions (basis for assessing value for money)
 - VI. **Political Risk** – Item linked to Integrated Development Plan of the municipality
- (2) Final specifications –
- (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
 - (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
 - (c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
 - (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
 - (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;
 - (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential

Procurement Regulations 2001; and

- (g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.
- (3) A bid specification committee must be composed of one or more officials of the municipality, preferably the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.
- (4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.
- (5) It is preferable that the Accounting officer to nominate municipal officials and establish a permanent Bid Specification Committee composed of varying expertise. Specific technical expertise to be co-opted on an ad hoc basis for a specific commodity or goods if needs be

Bid evaluation committee

- 28. (1) A bid evaluation committee must -
 - (a) evaluate bids (formal & Informal) in accordance with -
 - (i) the specifications for a specific procurement; and
 - (ii) the points system set out in terms of paragraph 27(2)(f);
 - (b) evaluate each bidder's ability to execute the contract;
 - (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;
 - (d) submit to the Bid Adjudication Committee a report and recommendations regarding the award of the bid or any other related matter.
- (2) A bid evaluation committee must as far as possible be composed of-
 - (a) officials from departments requiring the goods or services; and
 - (b) at least one supply chain management practitioner of the municipality.
 - (c) It is preferable that the Accounting officer to nominate municipal officials and establish a permanent Bid Evaluation Committee composed of varying expertise. Specific technical expertise to be co-opted on an ad hoc basis for a specific commodity or goods if needs be
 - (d) Should a member declare a conflict of interest at any stage, the member may not form part of the Bid Evaluation Committee and if necessary to reach a quorum the member must be replaced by a member of suitable expertise

Bid adjudication committee

29. (1) A bid adjudication committee must -
- (a) consider the report and recommendations of the bid evaluation committee; and
 - (b) either -
 - (i) **depending on its delegations**, make a final award or a recommendation to the accounting officer to make the final award; or
 - (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.
- (2) A bid adjudication committee must consist of at least four senior managers of the municipality which must include -
- (a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
 - (b) at least one senior supply chain management practitioner who is an official of the municipality; and
 - (c) a technical expert in the relevant field who is an official, if such an expert exists.
- (3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- (4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (5) (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid -
- (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
 - (ii) notify the accounting officer.
- (b) The accounting officer may -

- (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
 - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.

Should an award be made to a bidder not recommended by the Bid Evaluation Committee on justifiable grounds, the decision must be noted and made available to the Auditor general for audit purposes. The Audit Committee and the Municipal Manager should ensure that such a deviation from the recommendation is defensible in a court of Law.

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

Asset Disposal committee

30.

- 1) The accounting officer or delegated authority will implement a mechanism to dispose of movable assets.
- 2) The accounting officer to establish an Asset Disposal Committee composed of line managers and on ad hoc basis may co-opt additional members with specific expertise
 - a) Line manager are regarded as asset managers
 - b) The nominated Asset Disposal Committee to oversee the asset disposal process of the municipality
- 3) Asset Disposal Committee to meet at least quarterly in the financial year and assess any formal requests for Asset Disposals
- 4) Asset disposal dates to be determined by the committee following an assessment of the assets to be disposed
- 5) Detailed records of the committee, for reporting purposes, must be kept of all activities and should consist of at least, but not limited to,

- a) Disposal verification schedule
 - b) Quarterly disposal schedule
- 6) Asset Disposal Committee to establish a Disposal Management Standard operating procedure in accordance to the Supply Chain Management policy and aligned to the Asset Management Policy.

Specialised Forms of Procurement

Procurement of banking services

31. (1) Subject to section 33 of the MFMA, any contract for banking services –
- (a) shall be procured through competitive bids;
 - (b) shall be consistent with section 7 or 85 of the Act; and
 - (c) may not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- (3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1).
- (4) 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

32. (1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (3) The accounting officer must notify SITA together with a motivation of the IT needs if -
- (a) the transaction value of IT related goods or services required in any

financial year will exceed R50 million (VAT included); or

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

- (4) If SITA comments on the submission and the municipality disagree with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

Procurement of goods and services under contracts secured by other organs of state (piggy backing)

33. (1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if -
- (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
 - (b) there is no reason to believe that such contract was not validly procured;
 - (c) there are demonstrable discounts or benefits to do so;
 - 1. the user department must prove to the Bid Adjudication Committee to justify “piggy backing” is not as a result of poor planning or no planning. Question to be asked “why are we piggy backing”
 - 2. User department to present proof to the Bid Adjudication Committee that Risk factors have been taken into account analysing that no two entities are the same (suitability of the “piggy back” contract to the user department’s specification
 - 3. the location and capacity of the service provider to render such service considering the varied circumstances unique to Eden District Municipality and changing market conditions (risk analysis to be performed)
 - 4. Consideration should also be given to empowerment and whether “piggybacking” will hinder local emerging suppliers from opportunity and hinder competitive process that could present the municipality with more relevant options
 - 5. Therefore when considering a Section 32 of the SCM regulation, user department should provide evidence that it would be more

beneficial to “piggy back” than to follow a normal competitive bidding process, and these benefits are demonstrated by means of a thorough analysis.

- (d) that other organ of state and the provider have consented to such procurement in writing.
 - (e) the initial contract agreement needs to be valid and binding at the time “of piggy backing “; once the contract is terminated there is no longer a contract to “piggy back” from
 - (f) where a contract is not linked to a period with a particular end date, the contract will terminate once the obligation outlined in the contract are completed or the final object is received and accepted.
 - (g) any other organ of state wishing to “piggy back” from contracts as mentioned in subsection (1)(f) can only be granted permission before Eden District Municipality receive and accepts the final object as prescribed in the original contract or vice versa.
- (2) Subparagraphs (1)(c) and (d) do not apply if -
- (a) a municipal entity procures goods or services through a contract secured by its parent municipality; or
 - (b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

Procurement of goods necessitating special safety arrangements

34. (1) the acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.
- (2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

Proudly South African Campaign

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

- a) Firstly - suppliers and businesses within the municipality or district;
- b) Secondly - suppliers and businesses within the relevant province;
- c) Thirdly - suppliers and businesses within the Republic.
- d) Economic procurement of goods and services should be supported by logistic conditions that enhance efficiency and effectiveness of service delivery to the district.

Appointment of consultants

36.

- (1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.
- (2) Consultancy services must be procured through competitive bids if
 - (a) the value of the contract exceeds R200 000 (VAT included); or
 - (b) the duration period of the contract exceeds one year.
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of -
 - (a) all consultancy services provided to an organ of state in the last five years; and
 - (b) any similar consultancy services provided to an organ of state in the last five years.
- (4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.
- (5) Should the Municipality have a Policy with regards to the appointment of consultants that aligned to Treasury Guidelines, such policy would override this section of the Supply Chain Management Policy.

Deviation from and ratification of minor breaches of, procurement processes

- 37.** (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. In the case of urgency, and subsequently the department to review their Demand Management Plan and submit to the Accounting officer
- III. if such goods or services are produced or available from a single provider only;
- IV. for the acquisition of special works of art or historical objects where specifications are difficult to compile;
- V. acquisition of animals for zoos and/or nature and game reserves; or
- VI. in any other exceptional case where it is impractical or impossible to follow the official procurement processes e.g. any purchase on behalf of the District Municipality at a public auction sale; and

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

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

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

(4) In the case of emergencies, the following procedures should be followed:

- I. Telephonic approval should be obtained from the Municipal Manager or the Executive manager of the particular the department.
- II. Record of incident to be documented on Document Management system, as per SCM process within 3 working days by the Initiator (user department) and reviewed and authorised by Relevant Authorities as per delegations framework
- III. Preparation of payment to the supplier to have the written recommendation as stated in above.

(5) Emergency Dispensation – Conditions warranting Emergency dispensation include the existence of one or more of the following

- i. The possibility of human injury or death
 - ii. The prevalence of human suffering or deprivation of rights
 - iii. The possibility of damage to property, or suffering and death of livestock and animals
 - iv. The interruption of essential services, including transportations and communication facilities or support services critical to the effective functioning of the District or the B Municipalities within the District
 - v. The possibility of serious damage occurring to the natural environment
 - vi. The possibility that the security of the state could be compromised
- (7) Single Source selection – Justification for single source selection must be examined in the context of the overall interest of the Eden District Municipality and the project
- i. Single source selection may be appropriate only if it represents a clear advantage over competition for services that represent a natural continuation of previous work carried by the consultant, and continuity of downstream work is considered essential.
 - ii. The reasons for single source selection must be fully motivated in a report and approved by the Bid Adjudication Committee prior to conclusion of a contract.
 - iii. Detailed specification with defined scope and details of deliverables must be set before work can commence guiding the consultants and providing set the parameters to which they may operate with. No contract may be open ended without addressing a specific needs analysis approved by the Accounting Officer or delegated authority beforehand.

Transversal bids

38.

- 1) Accounting officer or delegated authority to approve initiation (shared services) or participation of transversal bids by Eden District Municipality
- 2) Transversal bids will only be relevant when the municipality wishes to invite a tender/bid itself and other municipalities or wishes to participate in a tender together with other municipalities or organs of state from the initial phase.
- 3) This form of bidding is different than when participating in a tender invited by another organ of state as referred to in SCM Treasury regulation 32 or section 33 of the Eden District Supply Chain Management Policy
- 4) Chief Financial Officer to arrange and provide advice, assist and guide the transversal

- procurement process and ensure that technical and governance requirements are met but will not actively participate in either the evaluation or adjudication process
- 5) Arrange implies drawing up a the business case, obtaining formal approval from affected municipalities and the Accounting Officer to proceed, the planning, organising, logistical and bid administration requirements by the custodian Municipality
 - 6) Where transversal bids are contemplated, it should result in lower unit cost or economies of scale or other corporate advantage as demonstrated by the required business case.
 - 7) Where the custodian municipality other than Eden District Municipality has identified the need for transversal tender, it must ensure that the procurement of goods or services or both is procured in terms of the section 217 of the constitution of the Republic of South Africa and any other relevant legislation and prescripts
 - 8) Formal written consent must be obtained by the participating municipalities or other organs of state before the tender process is initiated.
 - 9) When Eden District Municipality initiates the transversal tender written consent obtained from the accounting officers of other municipalities or organs of state must mention a review and consensus of needs analysis, specification, risk assessment and, defined desired outcomes
 - 10) The Custodian Municipality will take full responsibility for the arrangement and conclusion of the bid process, inclusive of the formalisation of the contracting arrangements noting that each participating municipality, depending on the requirements and the nature of the contract, may have to sign a separate service level agreement with the selected service provider.
 - 11) Provision in the agreement amongst participating municipalities or organs of state should make provision for participating entities to second their own official with the relevant expertise to participate, observe or offer advice to the initiating entity.

Unsolicited bids

39.

- 1) In accordance with section 113 of the Act, Eden Council is under no obligation to consider unsolicited bids received outside a normal bidding process.
- 2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if

- a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
 - c) the person who made the bid is the sole provider of the product or service; and
 - d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- 3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act together with –
- a) reasons as to why the bid should not be open to other competitors;
 - b) an explanation of the potential benefits if the unsolicited bid were accepted; and
 - c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- 4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.
- 5) The adjudication committee may consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, with comments from Provincial and National Treasury
- 6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- 7) When considering the matter, the adjudication committee must take into account-
- a) any comments submitted by the public; and
 - b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- 8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the

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

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

Combating of abuse of supply chain management system

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

- I. the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - II. an official or other role player committed any corrupt or fraudulent act during the bidding
- g) reject the bid of any bidder if that bidder or any of its directors –
- i. has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
 - ii. has been convicted for fraud or corruption during the past five years;
 - iii. has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - iv. has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

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

(3) The Municipality takes cognisance of the provisions of Chapter 2 of the Competition Act no. 89 of 1998

- PART A - Restrictive practices;
- PART B - Abusive of a Dominant position; and
- PART C - Exemption from application of chapter 2.

(4) The accounting officer must also provide measures for the invalidation of recommendations or decisions that were unlawfully or improperly made, taken or influenced, including recommendation or decisions that were made, taken or in any way influenced by:

- i. Councillors in contravention of item 5 or 6 of the Code of Conduct for Councillors in schedule 1 of the Systems Act; or
- ii. Municipal officials in contravention of item 4 or 5 of the Code of Conduct for the Municipal Staff member set out in schedule 2 of the Systems Act

- (5) The Bid Adjudication and Evaluation Committee to ensure that none of the provisions of the Competition Act no 89 of 1998 has been transgressed during the evaluation and award of the tender.
- (6) Accounting Officer or any other delegated personnel of Eden DM, is prohibited from deliberately placing order for goods, service and /or infrastructure projects from suppliers, receiving such goods, services and/or infrastructure projects and arranging with suppliers for such goods, services and/or infrastructure projects to be invoiced and paid for in another financial year
- (7) The above prohibition does not apply to multi-year contracts and projects adopted over multi-years in terms of the MFMA sections 19 and 33.

40 (B). CONTRACT MANAGEMENT

- (1) All contracts entered into by the municipality in the tender process referred to in paragraph 19 of this Policy must:
 - a. Be in writing
 - b. Stipulate the terms and conditions of the contract or agreement which must include provisions for providing for:
 - I. The termination of the contract or agreement in the case of non or under performance
 - II. Dispute resolution mechanisms to settle disputes between parties
 - III. A periodic review of contract or agreement
 - IV. Any other matters as maybe prescribed
 - c. Include General conditions of contract as prescribed by national treasury
 - d. Specify the duration of the contract
 - e. Specify the repayments terms in respect of the goods or services supplied
 - f. Be monitored by the Directorate of the municipality which requested the goods and services to ensure that all the contracts requirements are met.
- (2) Unauthorised or breaches of the contract as in paragraph 40(B) above by the supplier or service provider must be reported to the Legal Department for initiating appropriate action as well as to the SCM Unit which must record the details of such deviation and breaches.
- (3) Departmental Heads shall be responsible for ensuring that contract managers:
 - a. Assigned to all contracts within the department Head's area of responsibility

- b. Are adequately trained so that they can exercise the necessary formalities in signing up the contract and/or issuing the purchase order(s) are adhered to;
 - c. Ensure that contracts related to the procurement of goods and services are captured on the Municipality's record management system
 - d. Ensure that all original contract documentation is lodged at registrar
 - e. Manage all contract variations and ensure any variations are administered in accordance with any treasury guidelines or relevant statute
 - f. Manage any contract disputes and lodge with the relevant authority and the legal department where disputes could not be resolved
 - g. Ensure suppliers performance review is undertaken against the project deliverables
 - h. Maintain appropriate formal records and correspondence regarding the project and contract for reference point
 - i. Act with care and diligence and observe all accounting and legal requirements
- (4) Management of expansion or variation of order against the original contract: The expansion or variation of contracts against the original contract and prevention of contract manipulation.
- a) Contracts may be expanded or varied by not more than 20% for Construction related goods, services and/ or infrastructure projects.
 - b) Contracts for all other goods and/or services may be varied by not more than 15% of the original value of the contract.
 - c) Any expansion or variation in excess of the above mentioned thresholds must be dealt with in terms of the provisions of section 116(3) of the MFMA which will be regarded as an amendment to the contract
 - d) The above is not applicable to transversal term contracts, facilitated by the relevant treasuries on behalf of Municipalities and specific term contracts. The latter refers to contracts where required quantities are not specified or are unknown and the award is based on creating a facility.

Part 3: Logistics, Disposal, Risk and Performance Management

Logistics management

- 41. (1)** The accounting officer must establish and implement an effective system of logistics management, which must include -

- (a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- (b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- (d) before payment is approved , certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- (e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- (f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- (g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

General Logistics

(2) Placing Orders

- a) Purchase orders will be created with reference to requisitions where the supply source is either bids or quotations on Eden District Document Management System or financial system.
- b) Purchase order approval will be system based and authorised by the delegated authority (No manual process to be followed unless in exceptional circumstances, financial system is not accessible for unreasonable prolonged periods without clear indication when the system malfunction would be restored or there is power shortages or there is no power back up in place, however approval in writing to be obtained from the Chief financial officer authorising such process and giving guidance on the ratification process)

- c) All purchases orders will be captured on Eden District's Financial and or Document Management System at stores, and ensure that proper audit trail exist. (no one may issue an order apart form a delegated officials)
- d) In respect of goods and services (with exception of professional services where there are other mechanisms place for accepting a bid), no work shall commence or goods be delivered before an official order has been placed with the vendor
- e) Eden District Municipality shall not be held liable for payment of any goods delivered or services rendered in contravention of clause (40)(2)(d) of the Eden District Municipality

(3) Receiving of Goods

- 1) Goods received note (GRV) will be completed for all goods and services received by the municipality in the following manner:
 - I. Goods delivered or services rendered to be received by the user department that issued the requisition at the location indicated in the requisition and the purchase order unless if it's a store item that should be delivered at the municipality's respective stores.
 - II. The official receiving the goods must inspect and agree the content of service provider's delivery note to Eden District Municipality's official order placed and agree to the following:
 - 1. Delivery note to indicate Eden District Official Order number and the official to confirm the order number to be legitimate
 - 2. Description of the type of goods on the delivery note, brand, the quantity of goods and the total cost of the goods or service to be agreed to the official order before any acceptance of goods and signing off of any delivery document
 - III. Deliveries where no official orders can be matched to an official order may not be accepted by the municipality, acceptance is tantamount to transfer of risk and rewards of the service or the goods
 - IV. On matching of the delivery note to the purchase order, the receiving official to inspect the goods or service being delivered against the content of the delivery note and the following to be agreed as faithful representation at hand:
 - a) The description of goods and services being delivered or rendered to the municipality

- b) The quantity of goods being delivered
 - c) The quality of the goods or service being delivered or rendered to the municipality (damaged goods or goods with past expiry period may not be accepted)
- V. Any discrepancies, shortfalls against the order, damaged goods, incorrect goods or any other discrepancy to be recorded in permanent marking and signed off by both the Municipality's receiving official and the supplier or delivering agent.
- VI. Goods exceeding the quantities ordered or deviating from the description or quality should not be accepted and should be noted and communicated to the supplier formally and communicated to Finance Department (Creditors Unit)
- VII. On acceptance of the Goods or services subsequent to the above mentioned process, an internally generated Good Received Note should be generated recording the goods or services received and their quantity and total cost and signed off.
- VIII. All relevant documentation (original documentation) related to any delivery of goods or receipt of service from external service providers to be sent to Finance Department (Creditors unit immediately)
- IX. Failure to record crucial information and omission of discrepancies that result in the municipality incurring a financial loss will be dealt with in accordance with municipality's disciplinary code of conduct or the equivalent.
- X. Failure to forward all the relevant documentation to creditors department timeously can result in appropriate actions against the responsible official

(4) Stock Logistics

- I. Stock or inventory to be valued as per accounting policy of the Municipality in line with the relevant accounting practise
- II. Input VAT to be claimed upon purchase and output VAT is accounted for at the time of issue according to the accounting policy
- III. Stock items shall be systematically replenished using the re-order point or minimum level as set in the financial system
- IV. Issuing of stock shall be systematically administered through the financial system against internal orders or requisitions that are duly authorised
- V. Stores function is centralised and managed through the 3 stores of the municipality, George, Oudsthoorn and Riversdale. (Fuel through the stores and fuel depots)

Disposal management

42.

- (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets are as provided in sections 14 and 90 of the Act, and the Municipal Asset Transfer Regulations.
- (2) Assets may be disposed of by -
 - (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
 - (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
 - (iii) selling the asset; or
 - (iv) destroying the asset.
- (3) The accounting officer must ensure that -
 - (a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
 - (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
 - (c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
 - (d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
 - (e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
 - (f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
 - (g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

Risk management

43. (1) Risk Manager to be invited to the Bid Specification Committee meetings to facilitate risk mitigation process where potential high risk has been identified in the procurement of goods and services.

(2) Risk management assessment will be guided by the risk assessment process in line with Risk Management guidelines and standards. The process may include the following:

- a) The identification of risks on a case by case basis
- b) The allocation of risks to the party best suited to manage such risks;
- c) Acceptance of the cost of the risk where the cost of transferring the risk is higher than that of retaining it
- d) The management of risk in a pro-active manner and the provision of adequate cover for the residual risk; and
- e) The assignment of relative risks to the contracting parties through clear and unambiguous contract documentation

Risk management will duly assess corporate risk and identify mitigating controls

Performance management

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

44 (A).

- 1) The official that receives goods or services on behalf of the Council, or manages the contract which was entered into as a result of a competitive bidding process, to ensure that the goods or services have been delivered in accordance with the service level agreement governing the contractual relationship..
- 2) In the case of non-performance or unsatisfactory performance by a supplier, the user department concerned, in consultation with contracts management unit, must issue a notice to the supplier or service provider in writing notifying them of terms contravened and requesting immediate remedial action to comply with the contract terms; failing which:

- a) Legal Services / contracts management unit to be consulted for appropriate action.
- (3) In the case of goods and services supplied in response to a quotation invited by the municipality, the official that initiated the requisition or received the goods or services on behalf of council, should complete a goods received voucher (GRV) and note any discrepancies that may require the attention of the service provider if any.
- (4) In the case of goods or services procured through a tender process as specified in terms of the policy, paragraph 18(b) and 19, the contract manager or designated person must ensure that goods or services requested have been provided in accordance with service level agreement before the final payment is settled..
- (5) Final review should consider the following:
- a) Satisfactory element of the quality and standard of the goods and services received and quality of workmanship.
 - b) Include details, supported by formal written notifications to the supplier regarding non-performance or poor service delivery.
 - c) Include recommendation on any further actions to be taken against the supplier in terms of paragraph 40 B of the policy.

Part 4: Other matters

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

45.

- (1) No award above R30 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- (2) Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.
- (3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

Prohibition on awards to persons in the service of the state

- 46.** Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy-
- (a) who is in the service of the state

- (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- (c) a person who is an advisor or consultant contracted with the municipality.

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

47. 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.

Ethical standards

48.

- (1) The code of ethical standards as set out in the “*National Treasury’s code of conduct for supply chain management practitioners and other role players involved in supply chain management*” is hereby established for officials and other role players in the supply chain management system of the Municipality in order to promote -
 - a. mutual trust and respect; and
 - b. an environment where business can be conducted with integrity and in a fair and reasonable manner.
- (2) A breach of the code of ethics must be dealt with as follows -
 - a) in the case of an employee, in terms of the disciplinary procedures of the municipality envisaged in section 67(1)(h) of the Municipal Systems Act;
 - b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
 - c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

Inducements, rewards, gifts and favours to municipalities, officials and other role players

49.

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

Sponsorships

- 50.** 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 and complaints

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

Resolution of disputes, objections, complaints and queries

52.

- (1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes -
 - a) to assist in the resolution of disputes between the municipality and other persons regarding -
 - I. any decisions or actions taken in the implementation of the supply chain management system; or
 - II. any matter arising from a contract awarded in the course of the supply chain management system; or
 - b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- (2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- (3) The person appointed must -
 - a) strive to resolve promptly all disputes, objections, complaints or queries received; and
 - b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.
- (4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if -
 - (a) the dispute, objection, complaint or query is not resolved within 60 days; or
 - (b) no response is forthcoming within 60 days.
- (5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.
- (6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

Contracts providing for compensation based on turnover

- 53.** If a service provider acts on behalf of a municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover

for the service or the amount collected, the contract between the service provider and the municipality must stipulate -

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

Construction Industry Development Board (CIDB)

54. The Construction Industry Development Board (CIDB) has been established by government to promote uniform application of policy to the construction industry.

a) When calling for construction related bids:

- I. The prescribed CIDB (uniformity bid documents) must be utilised
- II. Only contractors registered with CIDB may be used
- III. All projects must be advertised on the i-tender system
- IV. Consultants used in the procurement process must adhere to the CIDB legislation
- V. Consultants used in the procurement process are prohibited to provide goods, works or service related to the project; and
- VI. Subcontract arrangements and joint venture initiatives must be aligned to CIDB guidelines and requirements

b) When evaluating construction related bids

- I. The validity of the contractor's registration on the CIDB website must be verified
- II. The bidders documents must be assessed against the prescribed CIDB contractor requirements
- III. Calculations for joint venture grading must be done according to the CIDB prescriptions

c) Other matters

- I. all projects approved by the municipality must be registered with the CIDB
- II. contracts registered on the i-tender systems must be update and completed
- III. non-performance and non-compliance of contractors must be **reported to the CIDB as per CIDB guidelines**

Commencement

55. This Policy takes effect on [25 May 2010] and reviewed annually.

ANNEXURE

PROCESS FOR THE OBTAINING OF GOODS AND SERVICES

The following process must be followed in terms of the Municipal Finance Management Act, Act 56 2003, Eden Supply Chain Management Policy and the Supply Chain Regulations to obtain goods and services.

1. PURCHASES

1.1 Purchase of all goods/services (capital and non-capital)

Value of Goods and Services	Procurement Method	Approval Authority	Supply Chain Management Policy
➤ R0 – R250	Petty Cash if supplier is not a creditor	Divisional Head / Manager	Supply Chain Management Policy S12(1)(a)
➤ R250 but less than R 30 000	Minimum of 3 x written quotations preferably selected from supplier database,	As per delegation register	Supply Chain Management Policy S12(1)(b)
➤ R 30 000 but below R 200 000 (Informal Tenders)	Informal Tender process;	As per delegation register	Supply Chain Management Policy S12(1)(c)
➤ R200 000 or Long Term Contracts (Formal Tenders)	Formal Tender process to be followed,	As per delegation through the appointed Supply Chain Management Bid Committees.	Supply Chain Management Policy S12(1)(d)
Deviation below 10k	Through procurement system of the municipality	Final approval by the Executive Manager of the Department	Supply Chain Management Policy
Deviations above R10 000	Through procurement system of the municipality	Final approval by the Municipal Manager	Supply Chain Management Policy

2. REQUISITIONS

Requisitions must be approved in terms of the relevant delegation register as approved by the Accounting Officer or delegated authority.

3. ORDERS

I. **Capital purchases**

Requisitions are verified by the Asset Management Section.

II. Non capital purchases

All orders are issued through Stores.

4. **SUPPLY CHAIN MANAGEMENT POLICY**

A. >R 0 – R30 000: 3 x Written Quotations

- i. User department to put in requisition to the Buyers to obtain a minimum of three quotations. Preference to be given to suppliers listed on the SCM database however if there is less than three suppliers identified on the database, potential additional suppliers not listed on the database to be identified and requests for quotation obtained.
- ii. If the preferred supplier is not listed on the Database the following to occur:
 - a) Procurement to take place through a deviation and approval by the CFO for direct payment to be obtained. Minimum supplier listing criteria to be fulfilled, i.e. Tax Clearance Certificate, regulation 44 declarations etc.
 - b) Unlisted service provider to be provided with SCM Database registration forms for completion by downloading them from the EDEN DM website (Take note of Migration to the Centralised Supplier Database)
 - c) Deviations below Quotation R 10 000 to be approved by the Executive Manger of the relevant department.
 - d) The order number will be generated by the chief clerk at stores and forwarded to User department for action

B. R30 000 – R200 000: 3 x Informal tenders

- i. User department to initiate the procurement process by compiling specifications and forwarding them to Supply Chain Management via the electronic procurement system.
- ii. SCM Unit to facilitate the procurement process throughout the procurement life cycle until the award.

Procurement Life Cycle to involve the following:

- a) Specifications to serve before the specification committee
- b) Approved specifications will be advertised on the website, notice board and send to potential suppliers registered on the accredited supplier database.

- c) On submission, Informal tenders must be placed in the tender box and will be opened on the closing date as per time specified on the advertisement.
- d) Summary of informal tenders will be compiled by Supply Chain Management Officer.

User department to provide the technical evaluation against pre-set evaluation criteria and submit to SCM Unit to evaluate the Responsive

- e) bidders and submit through to the Bid Evaluation committee for adjudication and final award. Service Level Agreements must be complied and signed by both parties before goods and services may be procured in excess of R30 000

C. >R200 00: Formal Tenders & Long Term Contracts

- i. User department sends a request for a formal tender through to SCM Unit via Collaborator with the specifications.
- ii. SCM Unit to facilitate the procurement process throughout the procurement life cycle until the award.

Procurement Life Cycle to involve the following:

- iii. Specifications to serve before the specification committee
- iv. Approved specifications will be advertised on the website, notice board and send to potential suppliers registered on the accredited supplier database
- v. The Tender number and closing date will be allocated by the SCM Unit.
- vi. Tender advertisement will be compiled and placed by the SCM Unit.
- vii. Standard tender documents will be provided to prospective tenderers by the SCM Unit.
- viii. Tenders will be opened on the date and time as specified in the advertisement.
- ix. Summary of tenders will be compiled by Supply Chain Management Officer.
- x. User department to provide the technical evaluation against pre-set evaluation criteria and submit to SCM Unit to evaluate the Responsive bidders in accordance with the Supply Chain Management Regulations.
- xi. The Bid Evaluation Committee to evaluate and make recommendations to the Bid Adjudication committee.
- xii. The Bid Adjudication Committee can only adjudicate and on contracts below 10 million.
- xiii. Tenders greater than R10 million will be awarded by the Accounting Officer
- xiv. Service Level Agreements must be complied and signed by both parties before goods and services may be procured in excess of R30 000

- xv. Successful / unsuccessful tenderers will be notified of the Bid Adjudication Committee's decision.
- xvi. After awarding the formal tender, the User Department will be informed of the outcome and they are to complete a Service Level agreement before any requisition can be generated

5. SERVICE LEVEL AGREEMENTS

User department to liaise with Legal Services (contract management unit) on the compilation of service level agreements for all tenders (formal and Informal). Process guidance for compilation to be sought from Legal Services department.

Performance Management:

Each department to monitor the performance of each supplier to whom tenders have been issued under. The process flow for monitoring performance of service providers to be undertaken on the collaborator system and all the relevant compulsory review comments is completed.

It is important that all communication with the service provider regarding the dissatisfaction of the work performed or goods delivered be documented and the service provider be afforded the opportunity to rectify it and respond accordingly. Where the final assessment of the service provider or supplier remains substandard after engaging with the service provider, legal services to facilitate the process going forth with the legal remedies available

6. STANDARD OPERATING PROCEDURES FOR PROCURING ACCOMMODATION AND FLIGHTS

6.1 Accommodation

- i. The Official concerned is to provide the Secretary in the department with the supporting documentation indicating the reason for accommodation.
- ii. The secretary to source a minimum of three quotations from the internet or any other available resource, identify the lowest quote and request the service provider to forward a pro-forma invoice as a provisional confirmation of the booking.
- iii. The designated personnel in a particular department to initiate a requisition on collaborator, uploading all the relevant documentation, and route the requisition to the relevant official for approval.
- iv. The approved requisition will be routed via collaborator to the Chief Accountant at Stores, who will inspect the documentation. Item to follow the procurement process as per the electronic procurement system.

- v. Once the payment has been processed, proof of payment to be forwarded by DATA office to the designated personnel that initiated the requisition/booking.
- vi. The designated personnel to forward the proof of payment to both the service provider (Bed & Breakfast or Hotel) and the official for whom accommodation has been reserved for.
- vii. The official to request the original invoice preferably stamped this invoice to be submitted to creditors department once they return.

Provision made in the Travel and Subsistence policy to serve as the guideline:

6.2 Compensation

6.2.1 Accommodation:

- i. Travel and subsistence policy to serve as a guideline regarding the type of Accommodation and rating that is appropriate as approved by council.
- ii. Where such accommodation is available, the rate for a single room will be payable.
- iii. If a representative stays with a relative or friend, Subsistence and travel policy of Council to serve as a guideline
- iv. The payments for overnight accommodation will be paid directly through Creditors Department to the authorised place of accommodation.
- v. Request for payment of reservation must be submitted within reasonable period before departure to enable the administration to process the reservation.

6.2.2 Personnel of council may not circumvent procurement process and place their own preferred booking and claim reimbursement. Any emergency cases where accommodation is sort outside the procurement process, permission to be obtained prior from the executive manager of the department or the alternative relevant authority.

6.3 Booking of Airline Tickets

- a) Designated personnel in the department should be provided with the following document or invitation for workshop/meeting/conference to be attended with the following details
 - i. Where the event will take place
 - ii. Date and Starting time
 - iii. Date of closure and time of finish

- b) Arrangements for flights to be centralised around the designated personnel in the department, i.e. PA to the Executive Manager
- c) Deviations for items costing below R10, 000 can be approved by the Executive Manager of the relevant department, Final approval for Deviations above R10 000 to be approved by the Municipal Manager.
- d) Payments of flights to follow due process as approved
- e) When bookings are made, the following information is required by the designated personnel:
 - I. Approval from Municipal Manager for attendance of the meeting
 - II. Copy of ID of the passenger
 - III. Passenger's cell-phone number, which will be used to forward a confirmation e-mail with flight details from the chosen airline
 - IV. Vote from which expenditure will be paid

6.4 For rental vehicle hire:

- i. Designated personnel in the department to make the necessary arrangement subject to availability of the vehicles. The class of the vehicle to be guided by the Travel and Subsistence Policy of Council

6.5 Catering

Refer to the catering policy as approved by council.