



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

SUPPLY CHAIN MANAGEMENT POLICY

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SUPPLY CHAIN MANAGEMENT POLICY

This policy was adopted by the Kannaland Municipality through the Council Resolution E59-09/2005 in terms of Section 111 of the Municipal Finance Management Act, No. 56 of 2003 and amended through Council Resolutions with the latest E7-01/2024. This policy super cedes all other procurement policies previously in force at the Municipality. This policy will refer to the current Preferential Procurement Framework Act and the Kannaland Municipality Preferential Procurement Policy should the PPPFA be amended the amended regulation would be applicable.

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1. DEFINITIONS

In this policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the **Municipal Finance Management Act, no. 56 of 2003**, has the same meaning as in the Act, and –

“Accounting Officer” in relation to a Municipality means the Municipal Manager as described in Section 60 of the Local Government: Municipal Finance Management Act, no 56 of 2003 as well as Section 82 of the Municipal Structures Act, no 117 of 1998.

“Bid” means a written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of services, works or goods.

“Bid Document” means a written or electronic document required to be submitted in response to an invitation;

“Bidder” means any person or entity who tenders for a bid;

“B-BBEE” means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act;

“B-BBEE status level of contributor” means the B-BBEE status of an entity in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;

“Broad-Based Black Economic Empowerment Act” means the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)

“commercial value” in relation to the sale or leasing of land or property relates to land or property which has a commercial value and can be sold or sub-let on a stand-alone basis and excludes small pockets of land such as small alley ways, erven or annexures which are only of value in relation to the adjoining properties or structures.

“Close Family Member” means: (i) spouse or partner,
(ii) child,
(iii) parent

“Close Members of the Family for GRAP Disclosure” means those family members who may be expected to influence or be influenced by that person in their dealings with the entity. As a minimum, a person is considered to be a close member of the family of another person if they:

(a) are married or live together in a relationship similar to a marriage; or

(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

“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;

"contracts of a long-term nature" means a contract with a duration exceeding three years;

"Consultants" means consulting firms, engineering firms, legal firms, construction managers, management firms, procurement agents, inspection agents, auditors, other multinational organizations, investments and merchant banks, universities, research agencies, government agencies, non-governmental (NGO's) and individuals.

"Contract Manager" means the official within a specific department, responsible for all day-to-day activities (including performance management and dispute resolution) during the life cycle of the contract (with delegated powers to perform this function), as the contract champion. The Contract Manager can also be seen as the Budget holder accountable for expenditure from, and income to, particular budget.

"Contract Owner" means the official who is, as the owner of a budget vote, ultimately accountable for all the activities during the life cycle of a contract.

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

"Emergency" means a serious, unexpected, unforeseen and potentially dangerous and damaging situation requiring immediate action and which is not due to a lack of planning.

"Exceptional Case" means unusual not typical circumstances where it is impractical or impossible in practice to follow procurement processes.

"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;

"Fronting Practice (Also referred to as Tokenism or Window dressing)" means a transaction, arrangement or other act or conduct that directly or indirectly undermines or frustrates the achievement of the objectives of the B-BBEE Act or the implementation of any of the provisions of the B-BBEE Act, including but not limited to practices in connection with a B-BBEE initiative:

- a) in terms of which black persons who are appointed to an enterprise are discouraged or inhibited from substantially participating in the core activities of that enterprise;
- b) in terms of which the economic benefits received as a result of the broad-based black economic empowerment status of an enterprise do not flow to black people in the ratio specified in the relevant legal documentation;
- c) involving the conclusion of a legal relationship with a black person for the purpose of that enterprise achieving a certain level of broad-based black economic empowerment compliance without granting that black person the economic benefits that would reasonably be expected to be associated with the status or position held by that black person; or
- d) involving the conclusion of an agreement with another enterprise in order to achieve or enhance broad-based black economic empowerment status in circumstances in which:

- i) there are significant limitations, whether implicit or explicit, on the identity of suppliers, service providers, clients or customers;
- ii) the maintenance of business operations is reasonably considered to be improbable, having regard to the resources available;
- iii) the terms and conditions were not negotiated at arm's length and on a fair and reasonable basis;

“Functionality” means the ability of a tenderer to provide goods or services in accordance with specifications as set out in the tender documents. This is determined by the measurement according to predetermined norms, as set out in the bid documents, of the totality of features and characteristics of the goods or services that bears on the ability of thereof to satisfy the stated or implied needs. “Functionality” is also referred to as “Quality”;

“Head of Department” means a person in the employment of Kannaland Municipality who heads a department or who reports to the Municipal Manager

“Influencing the Bid Process” means directly, indirectly or tacitly influencing or interfering with the work of relevant Municipality Officials involved in the bid process in order to influence the process in order to inter alia:

- a) influence the process and/or outcome of a bid;
- b) incite breach of confidentiality and/or the offering of bribes;
- c) cause over and under invoicing;
- d) influence the choice of procurement method or technical standards; or
- e) influence any Municipality Official in any way which may secure an unfair advantage during or at any stage of the procurement process;

“IDP” means Integrated Development Plan

“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) an executive member of the accounting authority of any national or provincial public entity; or
- f) an employee of Parliament or a provincial legislature;

“Irregular Expenditure” For the purpose of this Policy means expenditure incurred by the

municipality in contravention of, or that is not in accordance with, a requirement of the Supply Chain Management Policy of the municipality, and which is not been condoned in terms of the Policy.

“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;

“Municipality” means Kannaland Local Municipality

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

- a) The Constitution of the Republic of South Africa Act, 1996 (Act No 108 of 1996);
- b) The Preferential Procurement Policy Framework Act, 2000 (Act No 5 of 2000);
- c) The Broad-Based Black Economic Empowerment Act, 2003 (Act No 53 of 2003);
- d) The Construction Industry Development Board Act, 2000 (Act No 38 of 2000);
- e) The Prevention and Combating of Corrupt Activities Act, 2004 (Act No 12 of 2004);
- f) The Preferential Procurement Regulations, 2017;
- g) The Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000);
- h) The Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

“Policy” means the Supply Chain Management Policy of the Kannaland Local Municipality.

“Regulations” means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations 2005;

“Sole Supplier” means the only supplier in the South African market that can provide a particular product or service;

“Supply chain management practitioners” includes the Chief Financial Officer, the Manager of the Budget and Treasury Office and the Manager of Supply Chain Management;

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

“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);

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

“Written quotations” means quotations referred to in paragraph 12 (1)(b) of this policy.

CHAPTER 1: ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Supply Chain Management Policy

1. The Kannaland Municipality resolved in terms of Section 111 of the Municipal Finance Management Act, No. 56 of 2003, to have and implement a Supply Chain Management Policy 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 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, including but not limited to the following legislation;
 - The Constitution of the Republic of South Africa Act, 1996 (Act No 108 of 1996);
 - Municipal Finance Management Act, Act 56 of 2003
 - The Preferential Procurement Policy Framework Act, 2000 (Act No 5 of 2000);
 - The Broad-Based Black Economic Empowerment Act, 2003 (Act No 53 of 2003);
 - The Construction Industry Development Board Act, 2000 (Act No 38 of 2000);
 - The Prevention and Combating of Corrupt Activities Act, 2004 (Act No 12 of 2004);
 - The Preferential Procurement Regulations, 2022;
 - The Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000);
 - The Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
 - Competition Act, Act 89 of 1998;
 - State Information Technology Act, Act 88 of 1998;
 - Promotion of Administrative Justice Act, Act 3 of 2000;
 - Promotion of Access to Information Act, Act 2 of 2000
 - e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
 - f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector;
 - g) applies the highest ethical standards;
 - h) Promotes local economic development; and

- i) Assign responsibility for the implementation of the policy to the Accounting Officer of the Municipality;
 - j) in the absence of the Accounting Officer or if the Accounting Officer is impeded from doing his/her work assigns the responsibility for the implementation of the policy to the person acting in his stead or, alternatively, the Chief Financial Officer, subject to Sections 5(2) and 5(4) of the SCM Regulations.
- 2. The municipality may not act otherwise than in accordance with this 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, of proven commercial value no longer required for basic municipal service delivery purposes, subject to Sections 14 and 90 of the Act;
 - 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:
 - a) the procurement of goods and services contemplated in section 110(2) of the Act, including –
 - i) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
 - ii) electricity from ESKOM or another public entity, another municipality or a municipal entity;
 - iii) or any other such entities, including the South African Post Office.
 - b) the acquisition of services of management consultants, relating to information and communication technology as well as financial systems (SAMRAS/Bytes) subject thereto that the acquisition of such services be dealt with in terms of the delegated powers as provided for in the Municipality's delegation register, as amended from time to time;
 - c) insurance claims;
 - d) repairs and servicing of vehicles, where the vehicles must be repaired and or serviced by the relevant agency/authorized dealer or manufacturer;
 - e) training, courses, seminars, conferences and/or workshops presented by the municipality's systems providers or a single provider;
 - f) provision of material for structural damage in a disaster situation in terms of the

Municipality's Disaster Management Plan;

- g) machinery or other equipment serviced and repaired by the agent of that machinery or equipment;
- h) Pauper burials and cremations;
- i) The acquisition of services of medical specialists may be required from time to time and in terms of the Pension Funds Amendment Act, Act 65 of 2001 and related regulations and amendments;
- j) refresher training courses where initial training has already been provided by the same supplier;
- k) machinery and equipment that have to be stripped before a quote can be obtained.
- l) the acquisition of services of attorneys and advocates subject that the acquisition of such services to be dealt with in terms of the Municipality's Delegation of Powers and Duties, as amended from time to time and any Bargaining Council Agreements on Disciplinary Procedures.
- m) the acquisition of accommodation and air travel for official purposes subject that same be dealt with in terms of the Municipality's Travelling and Subsistence allowance/cost Policy, as amended from time to time, as well as Delegations of the Municipality's Delegation of Powers and Duties, as amended from time to time.
- n) any contract relating to the publication of notices and advertisements by the municipality.

3. Adoption and Amendment of The Supply Chain Management Policy

1. The Accounting Officer must –
 - a) at least annually review the execution of provisions contained in this policy; and
 - 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 a draft policy to the Council that differs from the model policy issued by the National Treasury, the Accounting Officer must –
 - a) ensure that such draft policy complies with the regulations; and
 - b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.
3. When amending this policy, the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.
4. The Accounting Officer must, in terms of section 62(1)(f)(iv) of the Act, take all reasonable steps to ensure that the municipality has and implements this Supply Chain Management Policy.

4. Delegation of Supply Chain Management Powers and Duties

1. The Council hereby delegates all powers and duties to the Accounting Officer which are necessary to enable the Accounting Officer –
 - a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –
 - i) Chapter 8 of the Act; and
 - ii) this policy;
 - b) to maximise administrative and operational efficiency in the implementation of this policy;
 - c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favoritism and unfair and irregular practices in the implementation of this policy; and
 - d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
2. Section 79 and 106 of the Act applies to the sub-delegation of powers and duties delegated to the Accounting Officer in terms of paragraph 4(1) of this policy.
3. The Council or Accounting Officer may not delegate or sub delegate any supply chain management powers or duties to a person who is not an official of the municipality or to a committee which is not exclusively composed of officials of the municipality.
4. Paragraph 4 (3) 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.

5. Sub Delegations

1. The Accounting Officer may in terms of section 79 of the Act sub delegate any supply chain management powers and duties, including those delegated to the Accounting Officer in terms of this policy, but any such sub delegation must be consistent with paragraph 4 and paragraph 5(2) of this policy.
2. The power to make a final award –
 - a) above R10 million (VAT included) may not be sub delegated by the Accounting Officer;
 - b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub delegated, but only to –
 - i) the Chief Financial Officer;
 - ii) Head of Department; or
 - iii) A Bid adjudication committee of which the Chief Financial Officer or Director of a department is a member.
 - c) not exceeding R2 million (VAT included) may be sub delegated, but only to –

- i) the Chief Financial Officer;
 - ii) Head of Department;
 - iii) A manager directly accountable to the Chief Financial Officer; 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 paragraph 5(2) of this policy must within five (5) working days of the end of each month submit to the official referred to in paragraph 5(4) of this Policy a written report containing particulars of each final award made by such official or committee during that month, including –
 - a) the amount of the award;
 - b) the name of the supplier or person to whom the award was made; and
 - c) the reason why the award was made to that supplier or person.
- 4. A written report referred to in paragraph 5(3) of this Policy must be submitted –
 - a) to the Accounting Officer, in the case of an award by –
 - i) the Chief Financial Officer;
 - ii) Head of Department; or
 - iii) a bid adjudication committee of which the Chief Financial Officer or a Director is a member; or
 - b) to the Chief Financial Officer or the Director responsible for the relevant bid, in the case of an award by –
 - i) an official referred to in paragraph 5(2)(c)(iii) of this policy; or
 - ii) a bid adjudication committee of which the Chief Financial Officer or a Director is not a member.
- 5. Paragraphs 5(3) and 5(4) do not apply to procurements by way of direct purchases described in paragraph 15 of this policy.
- 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.

6. Oversight Role of Council

- 1. The Council must maintain oversight over the implementation of this policy.
- 2. For the purposes of such oversight the Accounting Officer must –
 - a) within 30 days of the end of each financial year, submit a report on the implementation of the Supply Chain Management Policy of the municipality to the council of the municipality; and
 - b) whenever there are serious and material problems in the implementation of such Supply Chain Management Policy, immediately submit a report to the Council.

3. The Accounting Officer must, within ten (10) working 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. No Councilor of the Municipality may be a member of any municipal bid committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, nor attend any such meeting as an observer.

7. Supply Chain Management Unit

1. One supply chain management unit is hereby established to implement this policy.
2. 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.
3. The supply chain management unit operates under the direct supervision of the Chief Financial Officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

8. Training of Supply Chain Management Officials

The training of officials involved in implementing the Supply Chain Management Policy will be in accordance with any Treasury guidelines on supply chain management training as well as the Municipal Regulations on Minimum Competency Levels, GN493 of 15 June 2007.

CHAPTER 2: FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT SYSTEM

9. Format of Supply Chain Management System

1. This policy provides systems for –
 - i) demand management;
 - ii) acquisition management;
 - iii) logistics management;
 - iv) disposal management;
 - v) risk management; and
 - vi) performance management.

Part 1: Demand management

10. System of demand management

1. The Accounting Officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan.
2. The demand management system must –
 - a) include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
 - b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature;
 - c) provide for the compilation of the required specifications to ensure that its needs are met;
 - d) undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized; and
3. Demand management must be coordinated by SCM officials of the Municipality in consultation with budget holders and must form part of the strategic planning exercise.
4. Annual Procurement Plan (APP) must be developed in conjunction with the IDP, Service Delivery and Budget Implementation Plan (SDBIP) and annual budget.
5. All user departments are required to submit their APP to the Supply Chain Management Unit by 31 May in terms of the IDP and Budget processes.
6. APP for all formal written quotations and tenders must be developed to be implemented by the SCM Unit. This plan should indicate the following:

- a. description of the goods, works or service
 - b. the end user
 - c. the contact person representing the end-user
 - d. estimated value
 - e. date of submission of specifications
 - f. date of advertisement of the bid
 - g. estimated evaluation time
 - h. envisaged date of the Bid Adjudication Committee meeting
 - i. envisaged date of the Accounting Officer approval (for all procurement above R10 million)
7. The APP must be submitted to and approved by the Accounting Officer or his or her delegate before 30 June of each year.
8. The APP must be reviewed regularly and submitted to the Accounting Officer or his delegate on a quarterly basis and updated if required

Part 2: Acquisition management

11. System of acquisition management

1. The Accounting Officer must implement an effective system of acquisition management in order to ensure that –
 - a) goods and services are procured by the municipality in accordance with authorised processes only;
 - b) expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
 - c) the threshold values for the different procurement processes are complied with;
 - d) bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
 - e) any Treasury guidelines on acquisition management are properly taken into account.
2. When procuring goods or services contemplated in section 110(2) of the Act, the Accounting Officer must make public the fact that such goods or services are procured otherwise than through the supply chain management system, including –
 - a) the kind of goods or services; and
 - b) the name of the supplier.

12. Range of procurement processes

1. Goods and services may only be provided by way of –
 - a) Direct purchases or Petty cash purchases in terms of the Council's Petty Cash Policy for procurement transactions with a value up to R2 000 (Incl. VAT);

- b) written quotations for procurement of a transaction value over—
 - (i) R2000 up to R300 000 (VAT included),
 - c) a competitive bidding process for—
 - (i) procurement above a transaction value of R300 000 (VAT included); and
 - (ii) The procurement of long-term contracts.
- 2. The Accounting Officer may, in writing –
 - a) lower, but not increase, the different threshold values specified in paragraph 12(1); or
 - b) direct that-
 - i. formal written quotations be obtained for any specific procurement of a transaction value lower than R30 000 (VAT included); or
 - ii. A competitive bidding process be followed for any specific procurement of a transaction value lower than the competitive bidding thresholds specified in paragraph 12(1) (c)(i)
- 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 this policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction. Manager: Supply Chain Management can use their discretion in exceptional cases or in instances where additional need was not known at the time of initial process.
- 4. The preferential point system as prescribed by the PPPFA and its Regulations and the Kannaland Municipality Preferential Procurement Policy shall apply to all procurement except direct purchases.

13. General preconditions for consideration of written quotations or bids

A written quotation or tender may not be considered unless the provider who submitted the following—

- a) has furnished that provider's –
 - i) full name;
 - ii) identification number or company or other registration number;
 - iii) tax reference number and VAT registration number, if any; and
 - iv) tax clearance from the South African Revenue Services that the provider's tax matters are in order; in those cases where the quotation or bid is more than R30,000 (VAT included)
- b) Has authorised the Municipality to verify any of the documentation referred to in Sub-Section (a) above; and
- c) has indicated –
 - i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - ii) if the provider is not a natural person, whether any of its directors, managers, principal

- shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
- iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in paragraph 13(b)(ii) is in the service of the state or has been in the service of the state in the previous twelve months.
- d) In the case of formal written price quotations and tenders, that is transactions exceeding R30 000, including VAT:
- i. A Tax Verification Pin must accompany the bid documents unless the bidder is registered on the Accredited Supplier Database the Municipality use. The designated employee(s) must verify the bidder's tax compliance status, on the SARS e-filing system, prior to the awarding formal written quotations and tenders. The Central Supplier Database (CSD) number provided by suppliers can also be used to verify the tax compliance status of a supplier on the CSD system.
 - ii. Where the bidder is not tax compliant, the bidder must be notified in writing of their noncompliant status, and the bidder must be requested to submit written proof from SARS of their tax compliance status or proof that they have arranged to meet their outstanding tax obligations within seven (7) working days. The bidder should thereafter provide proof of their tax compliance status which should be verified via e-filing. Should the recommended bidder fail to provide written proof of their tax compliance status, the bid submitted by the bidder must be rejected. The onus is on the bidder to ensure that their tax matters with SARS are in order. The onus is on the bidder to ensure that their tax matters with SARS are in order.
 - iii. A copy of the bidder's and those of its director's/members municipal accounts (for the Municipality where the bidder and its director's/members pay their account) for the month preceding the quotation closure date must accompany the bid documents. If such a copy does not accompany the bid document of the successful bidder, the Municipality reserves the right to obtain such documents after the closing date to verify that their municipal accounts are in order.
 - iv. Any bidder which is or whose directors are in arrears with their municipal rates and taxes or municipal charges due to any Municipality or any of its entities for more than three months and have not made an arrangement for settlement of same before the bid closure date will be unsuccessful. The arrangement for settlement for the outstanding amount (which were done before the closing date of the bid), must also be submitted with the bid document.
 - v. The following documentation will be regarded as satisfactory proof.
 - Own: Municipal Account – in the name of the bidder.
 - Lease: Lease Agreement and current rental statement.
 - Do not own:
 - Affidavit from the bidder/directors that they do not own any property
 - Affidavit from the owner of the property with detail, that they are not liable for any municipal expenses.
 - Municipal Account of the owner of the specified address (if possible)
 - Outside of SA: MBD declaration/Affidavit from the director/s;

- vi. No bid will be awarded to any bidder which is or whose directors are in arrears for more than three months with their municipal rates and taxes or municipal charges due to any Municipality or any of its entities. If a bidder rents their premises, proof must be submitted that the rental includes their municipal rates and taxes or municipal charges and that their rent is not in arrears.
- vii. B-BBEE Certificates or Sworn Affidavits must be a valid original or copy of the original and must comply with the minimum validation criteria as set out by National Treasury. However, in the case where a bidder did not submit a B-BBEE Certificate at the closing date and time of the bid, the bidder could be requested to submit the original or copy of the original within a specified period of time. If the required certificate is submitted within the specified time, and the certificate complies with the requirements set by National Treasury, the bidder may be awarded the points that they qualify for. If the certificate submitted is no longer valid no additional request or validations will be done.

14. Lists of accredited prospective providers

1. The Accounting Officer must –

- a) utilise the list of accredited prospective providers of goods and services for the procurement requirements for the Municipality through formal written price quotations, and competitive bids.;
- b) Kannaland Municipality utilise the Central Supplier Database (CSD) platform of National Treasury as per MFMA Circular 81;
- c) The Municipality reserves the right to also utilize any other form of database as long as it complies to the registration requirements as set out by the National Treasury and implemented by Provincial Treasury;
- d) Ensure that prospective providers meet the following listing criteria:
 - i) Name of supplier / service provider;
 - ii) Street address;
 - iii) Postal address;
 - iv) Contact person in Sales Department;
 - v) Sales Department's telephone number;
 - vi) Sales Department's fax number;
 - vii) Sales Department's cell number;
 - viii) Sales Department's email address;
 - ix) Contact person in Accounts Department;
 - x) VAT registration number;
 - xi) Bank details;
 - xii) Type of industry;
 - xiii) Valid certification for specialised services;
 - xiv) Valid tax clearance certificate, if available;

- xv) Valid certification in respect of Exempted Micro Enterprises or B-BBEE Status Level of Contributor, if available; and
 - xvi) Relevant identification numbers of all members, directors and partners
- e) Disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.
2. The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.
 3. The list must be compiled per commodity and per type of service.
 4. The inclusion of any supplier in the database of suppliers does not exempt the supplier from the obligation to respond in the prescribed manner to notices of the municipality's supply chain management requirements.
 5. Suppliers who wish to be included in the list of accredited suppliers without waiting for the next invitation may approach the Procurement Section for inclusion, provided that they supply the necessary documentation and information for evaluation. Once these requirements have been satisfied, the Procurement Section will ensure that the prospective supplier is evaluated and will provide a response as to approval or not within a reasonable time.

15. Direct purchases or Petty cash purchases

Direct purchases to the value up to R2 000, VAT included –

1. The conditions for the procurement of goods by means of direct purchases referred to in paragraph 12(1) (a) of this policy, are that –
 - a) minor items are purchased for up to a transaction value of R2 000 (VAT included) where it is impractical, impossible or not cost-effective to obtain written or formal quotations, subject to normal internal control procedures;
 - b) orders must be placed with providers whose names appear on the list of accredited prospective providers of the municipality, if they are capable to deliver the required goods; or from providers who are not listed but who meet the listing criteria referred to in paragraph 14(1)(c), and
 - c) the procurement is made by the supply chain management unit.
2. A monthly reconciliation report from the supply chain management unit must be provided to the Chief Financial Officer, including –
 - i) the total amount of direct purchases for that month; and
 - ii) goods receipt notes and appropriate documents for each purchase.

16. Formal Written Quotations (Include R2 000 to R30 000)

When goods or services are procured through formal written quotations the following will apply –

1. That quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality.

2. All procurement will be centralised to SCM; user departments must submit their request and detailed specifications, and SCM will request all quotations.
3. When using the accredited supplier database, the ongoing competition amongst providers must be promoted, including by inviting providers to submit quotations on a rotation basis.
4. that 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.
5. The preferential point system will be applied to procurement greater than R2,000 and less than R30 000 (VAT included) all awards will be based on the company that scored the highest total for price and preferential points.
6. All reasonable steps must be taken to ensure that the procurement of goods and services (including construction works and consultant services) through written quotations is not abused.
7. the Accounting Officer or his/her delegated authority must, on a monthly basis, be notified in writing of all written quotations accepted by an official acting in terms of a sub-delegation.

17. Formal written price quotations (Include R30 000 to R300 000)

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) 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 (e) 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 requested to provide such quotations and their formal written price quotations.
2. Quotations must:
 - a) Be in writing, and signed by a person with the necessary authority to act on behalf of the prospective supplier;
 - b) Comply with the specifications set out in the quotation notice;
 - c) Be marked for identification in relation to the particular quotation.
3. The designated official referred to in paragraph 17(1)(b) must within three (3) working 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 paragraph.

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

quotations

1. The procedure for the procurement of goods or services through formal written price quotations, is as follows –
 - a) when using the list of accredited prospective providers, the Accounting Officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
 - b) all goods and services 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 e-Tender Publication Portal, website and the official notice boards of the municipality;
 - c) re-imbursements to personnel are subject to emergency situations only, and have to be authorized by the relevant Head of the Department as well as the Chief Financial Officer;
 - d) offers received must be evaluated on a comparative basis taking into account unconditional discounts;
 - e) the Accounting Officer must take all reasonable steps to ensure that the procurement of goods and services through formal written price quotations is not abused;
 - f) the Accounting Officer or Chief Financial Officer must on a monthly basis be notified in writing of all written quotations and formal written price quotations accepted by an official acting in terms of a sub delegation;
 - g) Acceptable offers are subject to the preference points system (PPPFA and associated regulations) and must be dealt with according to the Council's Preferential Procurement Policy; and
 - h) Requirements for proper record keeping such as:
 - i. Filing of documents for audit purposes;
 - ii. Ensure the correctness of documents;
 - iii. Before the awards proper checking of documents must be done.
2. Notwithstanding the above requirements for consideration, formal written price quotations not to specification may not be accepted.
3. Only formal written price quotations complying with the specifications will be considered to be accepted, provided that there are sufficient funds within the appropriate budget.
4. Where no formal written price quotation complies with the specification, as determined by the Head of the Department, the SCM Officials may re-invite formal written price quotations.

19. Competitive bidding process

1. Goods or services above a transaction value of R300 000 and long-term contracts may only be procured through a competitive bidding process, subject to Section 11(2) of this Policy.

2. No requirement for goods or services above an estimated transaction value of R300 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.
3. The following information must be submitted by the senior manager responsible for the Vote to the Chief Financial Officer prior to the public advertisement of any bids in excess of R10 million (VAT included):
 - a) Proof that budgetary provision exists for the procurement of goods, services and/or infrastructure projects;
 - b) 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 costs relating to the asset, administration costs and rehabilitation/renewal costs;
 - c) Any multi-year budgetary implications, for example, if a project will take more than one financial year, the estimated expenditure per financial year.
4. Contracts above the value of R10 million (VAT included) may only be awarded to the preferred bidder after the Chief Financial Officer or his/her delegate has verified in writing that budgetary provision exists for the acquisition of the goods, infrastructure projects and/or services and that it is consistent with the Integrated Development Plan. This consent may be granted after the bids is received.
5. The bid documents will be prepared by the Supply Chain Management in consultation with the relevant directorate and displayed on noticeboards, placed on the council's website, and advertised in commonly circulated local and/or provincial newspapers with a closing date of at least 14 days after the date that the advertisement first appears.

20. Process for competitive bidding

1. The procedures for the following stages of a competitive bidding process are as follows-
 - a) Compilation of bidding documentation as set out in detail in paragraph 21.
 - b) Public invitation of bids as set out in detail in paragraph 22.
 - c) Site meetings or briefing sessions, as set out in detail in paragraph 22.
 - d) Handling of bids submitted in response to public invitation, detailed in paragraph 23.
 - e) Evaluation of bids, as set out in detail in paragraph 28.
 - f) Awarding of contracts, detailed in paragraph 29.
 - g) Administration of contracts – After approval of a bid, the Accounting Officer and the bidder must enter into a written agreement.
 - h) Proper record keeping – Original / legal copies of written contracts and agreements must be kept in a secure place for reference purposes.

21. Bid documentation for competitive bids

1. The criteria to which bid documentation for a competitive bidding process must comply, 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 evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- c) Include the preferential procurement system that will be used in the evaluation of the bids. If it is unclear which preference point system will be applicable that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system,
- d) If subcontracting is applicable;
- e) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- f) 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 –
 - for the past three years; or
 - since their establishment if established during the past three years;
 - ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality is expected to be transferred out of the Republic;
 - g) 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;
 - h) require a surety guarantee in appropriate cases;
 - i) indicate the value or extent to which the execution of the contract should or should not be subcontracted;
 - j) submit a certificate from the Department of Labour indicating compliance with the

Occupational Health and Safety Act, 1993 (Act No 85 of 1993); and

- k) require bidders to furnish 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 3 months.
- 2. A non-refundable charge in terms of the Council's approved tariff structure shall be raised for bid forms, plans, specifications, samples and any other bid documentation, depending on the nature, magnitude and value of technical information or samples provided by the municipality.
- 3. Bid documents may allow for bidders to bid for one or more items or for a part of one or more items but the municipality reserves the right to accept part of a bid or a complete bid or quotation even if it is not the lowest, provided the interests of the municipality are best served thereby. Bid documents must be specific as certain contracts, e.g. the construction of a bridge, may require that the whole contract is to be completed by the same contractor.
- 4. Where bidders insert prices on price lists supplied by the municipality, they shall delete items for which they do not bid or if the price has been included elsewhere in the price list. After bid/quotations have been opened bidders may not supplement their original offer if the original offer was incomplete.

22. Public invitation for competitive bids

- 1. The procedure for the invitation of competitive bids is as follows –
 - a) Any invitation to prospective providers to submit bids must be by means of National Treasury's e-Tender Publication Portal, 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 Bid 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 not less than 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to paragraph 22(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 a 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. Bid documents must be made available on Council's Website at no charge, as far as possible.
- 4. The Municipality charges a non-refundable fee for provision of bid documents. This is subject to annual review. The values of the fees will be determined annually and included in the official lists of tariffs.
- 5. Where bids are requested in electronic format, such bids must be supplemented by sealed

hard copies.

6. The municipality is entitled to amend any bid condition, validity period, specifications or plan provided that such amendments are advertised on the e-Tender Portal and website.
7. Bids submitted must be sealed.

23. Procedure for handling, opening and recording of bids

1. The procedures for the handling, opening and recording of bids are as follows:
 - a) Bids –
 - i) must be opened only in public;
 - ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
 - iii) 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 paragraph 23(1)(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;
 - iii) publish the entries in the register and the bid results on the website;
2. In order for a bid to be considered it must be placed in the official tender box located at the main municipal office building.
3. A senior supply chain management official will ensure that tender boxes are sealed until the time of their official opening and ensure that they are properly secured.
4. At the advertised time, the tender box will be unlocked by officials from the Supply Chain Management Unit.
5. A Supply Chain Management official will open bid documents in the presence of bidders or other interested parties.
6. The tender box may be opened without any members of public being present provided that the appropriate procedure for advertising the time and venue has been followed.
7. Unmarked or incorrectly marked tenders will not be opened.
8. The names and total bid amounts will be read out and recorded in the tender register, which will be available for public inspection on request.
9. A copy of the record must be kept in the office of the SCM Office and a complete schedule provided as soon as is practical.
10. Bid results will be published on the municipality's website.

11. The bid opening results will only be made available to bidders that submitted a bid.

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

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 –
 - a) does not allow any preferred bidder a second or unfair opportunity;
 - b) is not to the detriment of any other bidder; and
 - c) does not lead to a higher price than the bid as submitted.
2. Minutes of such negotiations must be kept for record purposes and as far as practical be made part of the final contract.

25. Two-Stage bidding process

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.

26. Committee system for competitive bids

1. The following committees are hereby established -
 - a) bid specification committees;
 - b) bid evaluation committees; and
 - c) a bid adjudication committee.
2. The Accounting Officer is required to appoint the members of each committee, taking into account section 117 of the Act.
3. The Accounting Officer is required to appoint a neutral or independent observer to attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
4. The committee system must be consistent with – (a) paragraphs 27, 28 and 29 of this Policy; and any other applicable legislation.
5. The Accounting Officer may apply the committee system to formal written price quotations.

27. Bid Specification Committees

1. The appropriate bid specification committee must compile the specifications for the procurement of goods or services by the municipality, depending on the department involved.

2. Specifications –
 - a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
 - b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
 - c) where possible, must 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 trademark, 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 2017; 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. The bid specification committee may consider if the tender will also be evaluated on functionality
 - a) The evaluation criteria for measuring functionality must be objective.
 - b) The tender documents must specify –
 - i) the evaluation criteria for measuring functionality;
 - ii) the points for each criteria and, if any, each sub-criterion; and
 - iii) the minimum qualifying score for functionality.
 - c) The minimum qualifying score for functionality for a tender to be considered further –
 - i) must be determined separately for each tender; and
 - ii) may not be so –
 1. low that it may jeopardise the quality of the required goods or services; or
 2. high that it is unreasonably restrictive.
 - d) Points scored for functionality must be rounded off to the nearest two decimal places.
 - e) A tender that fails to obtain the minimum qualifying score for functionality as indicated in the tender documents is not an acceptable tender.
 - f) Each tender that obtained the minimum qualifying score for functionality must be evaluated further in terms of price and the preference point system and any objective criteria that might be applicable.

4. A bid specification committee must be composed of at least three (3) officials of the municipality, preferably the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.
5. 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.
6. The quorum for each meeting of the specification committee is 50% of the members plus one. One member from the Supply Chain Management Unit and one member of the directorate as minimum. A member of the specification committee can also be a member of either the Bid Evaluation or Bid Adjudication Committee (but not both committees) that considers any of the bids for the same goods or services.
7. The advertisement must be approved by the Accounting Officer or the official or Bid Specifications Committee delegated by the Accounting Officer, prior to advertisement of the bid.

28. Bid Evaluation Committees

1. The bid evaluation committee must –
 - a) evaluate bids in accordance with –
 - i) the specifications for a specific procurement; and
 - ii) the points system set out in terms of paragraph 27(2)(f)
 - b) verify the following in respect of the recommended tenderer:
 - i) the capability and capacity of a tenderer to perform the contract;
 - ii) the tenderer's tax and municipal rates and taxes compliance status;
 - iii) confirm that the tenderer's municipal rates and taxes and municipal service charges are not in arrears;
 - iv) the Compulsory Declaration has been completed; and
 - v) the tenderer is not listed in the National Treasury's Register for Tender Defaulters or the List of Restricted Suppliers.
 - c) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.
2. The 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 official of the municipality,
 - c) Technical experts, consultants or advisors, provided that these experts can only actively contribute to discussions, and not vote on the items
 - d) The quorum for each meeting of the Bid Evaluation Committee is 50 % of the members plus one, provided that one is a senior supply chain management practitioner.
 - e) Attendance of the relevant project manager is compulsory'
 - f) Members of the bid evaluation committees may not serve on any adjudication committee that adjudicates on any of the items that has been considered at a bid evaluation committee.
 - g) Notwithstanding the above requirements for consideration, bids not according to specification may not be accepted and the evaluation committee may recommend that new tenders be called if necessary.

29. Bid Adjudication Committees

1. The bid adjudication committee must –
 - a) consider the report and recommendations of the bid evaluation committee and:
 - i) verify that the procurement process which was followed complies with the provisions of this document;
 - ii) confirm that the report is complete and addresses all considerations necessary to make a recommendation;
 - iii) confirm the validity and reasonableness of reasons provided for the elimination of tenderers; and
 - iv) consider commercial risks and identify any risks that have been overlooked or fall outside of the scope of the report which warrant investigation prior to taking a final decision; and
 - b) refer the report back to the evaluation committee for their reconsideration or make a recommendation to the Accounting Officer on the award of a tender, with or without conditions, together with reasons for such recommendation.
2. The bid adjudication committee must consist of at least four senior managers of the municipality which must include –
 - i) the Chief Financial Officer or, if the Chief Financial Officer is not available, another manager in the budget and treasury office reporting directly to the Chief Financial Officer and designated by the Chief Financial Officer; and
 - ii) at least one senior supply chain management practitioner who is an official of the municipality; and
 - iii) a technical expert in the relevant field who is an official, if such an expert exists.
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. The quorum for each meeting of the Bid Adjudication Committee is 50 % of the members plus one
5. No member of the evaluation committee may serve on the tender committee. A member of an evaluation committee may, however, participate in the deliberations of a tender committee as a technical advisor or a subject matter expert.
6. If a bid committee -
 - a) 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 29(5)(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.
7. 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.

8. The Accounting Officer must comply with section 114 of the Act within 10 working days.

30. Procurement of banking services

1. Banking services –
 - a) must be procured through competitive bids;
 - b) must be consistent with section 7 or 85 of the Act; and
 - c) may not be for a period of more than five years at a time.
2. The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
3. The closure date for the submission of bids may not be less than sixty (60) days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No 94 of 1990).

31. Procurement of IT related goods or services

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 –
 - i) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
 - ii) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
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.

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

1. The Accounting Officer may procure goods or services under a contract secured by another organ of state, but only if –
 - a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
 - b) there is no reason to believe that such contract was not validly procured;
 - c) there are demonstrable discounts or benefits to do so; and
 - d) that other organ of state and the provider have consented to such procurement in writing.
2. Paragraphs 32(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.

33. Procurement of goods necessitating special safety arrangements

1. The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided wherever 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.

34. Proudly SA Campaign

1. 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.

35. Appointment of consultants

1. The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurement is made.
2. Consultancy services must be procured through competitive bids if:
 - (a) The value of the contract exceeds R300 000; 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. The appointment of advisors must also follow the same competitive bidding process as set out in this Policy.
6. No advisor will take any part in the final decision-making process regarding the award of bids.
7. No decision-making authority may be delegated to an advisor.
8. Consultants should not be hired under the following circumstances:
 - a. A firm which has been engaged by the Accounting Officer to provide goods or works for a project and any of its affiliates, should be disqualified from providing consulting services for the same project. Similarly, a firm hired to provide consulting services for the preparation or implementation of a project and any of its affiliates, should be disqualified from subsequently providing goods or works or services related to the initial assignment (other than a

continuation of the firm's earlier consulting services as described below) for the same project, unless the various firms (consultants, contractors, or suppliers) are performing the contractor's obligations under a turnkey or design-and-build contract;

- b. Consultants or any of their affiliates should not be hired for any assignment which, by its nature, may be in conflict with another assignment of the consultants. As an example, consultants hired to prepare an engineering design for an infrastructure project should not be engaged to prepare an independent environmental assessment for the same project, and consultants assisting a client in the privatization of public assets should not purchase, nor advise purchasers of such assets.

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

1. The Accounting Officer may –
 - a) Dispense with the official procurement processes established by this Policy and procure any required goods or services through any convenient process, which may include direct negotiations, but only –
 - i) in an emergency;
 - ii) if such goods or services are produced or available from a single provider only;
 - iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - iv) acquisition of animals for zoos and/or botanical specimens for nature and game reserves; or
 - v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
 - b) Ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.
2. The Accounting Officer must record the reasons for any deviations in terms of paragraphs 36(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. Paragraph 36(2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this Policy.
4. In case of emergencies, the following procedure should be followed:
 - a. telephonic approval should be obtained from the CFO as well as the Senior Manager of the department requiring the goods or services;
 - b. written recommendations must be obtained within three (3) working days from SCM as well as the relevant Senior Manager; and
 - c. Final approval has to be obtained from the Accounting Officer, before an order will be issued.
5. A Deviation process may be followed in the following cases:
 - a. Where the Municipality followed a competitive bidding process and for Tenders no acceptable bids were received.
 - b. Where the Municipality followed a competitive bidding process for Formal Written Quotations and no quotations were received.
 - c. When a Deviation process is followed in terms of sub-section (a) and (b) above the same specification must be used as in the original Tender or Formal Written Quotation.

37. Unsolicited bids

1. In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
2. The Accounting Officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –
 - a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
 - c) the person who made the bid is the sole provider of the product or service; and
 - d) the reasons for not going through the normal bidding processes are found to be sound by the Accounting Officer.
3. If the Accounting Officer decides to consider an unsolicited bid that complies with paragraph 37(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 written comments received pursuant to paragraph 37(3), including any responses from the unsolicited bidder to the National Treasury and the relevant provincial treasury for comment.
5. The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the Accounting Officer, depending on its delegations.
6. A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
7. When considering the matter, the adjudication committee must take into account –
 - a) any comments submitted by the public; and
 - b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
8. If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the Accounting Officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
9. Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

38. Combating of abuse of supply chain management system

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 an official or other role player; or
 - ii) report any alleged criminal conduct to the South African Police Service;
 - c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
 - d) reject any bid from a bidder –
 - i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or
 - ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
 - e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
 - f) cancel a contract awarded to a person if –
 - i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
 - g) reject the bid of any bidder if that bidder or any of its directors –
 - i) has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
 - ii) has been convicted for fraud or corruption during the past five years;
 - iii) has willfully 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 section 29 of the Prevention and Combating of Corrupt Activities Act (Act No 12 of 2004).
 - h) Upon detecting that a tenderer submitted false information regarding its B-BBEE status level of contributor, local production and content, or any other matter required in terms of the Preferential Procurement Regulation, 2022 which will effect of has affected the evaluation of a tender, or where a tenderer has failed to declare any subcontracting arrangements, the stipulations as contained in the said Regulation must be complied with.
2. The Municipality shall ensure that, where possible, fronting is identified before a contract is awarded and act accordingly. Where, after an award of a contract was made and it becomes evident that the award made was based on incorrect information constituting fronting, the appropriate action will be taken in accordance with all legal remedies available.
 3. The Accounting Officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of paragraphs 38(1)(b)(ii), (e) or (f) of this policy.

Part 3: Logistics, Disposal, Risk and Performance Management

39. Logistics management

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 which should, where practical, incorporate the coding of items to ensure that each item has a unique number for the purposes of monitoring;
 - 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;
 - 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.
 - h) Monitoring and review of the distribution of items,
 - i) Monitoring and review of losses and surpluses.

40. Disposal management

1. The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to section 14 and 90 of the Act are as follows–
 - a) the asset is uneconomical to repair;
 - b) the asset is irreparable;
 - c) the useful life of the asset has expired;
 - d) the relevant department has no further use for the asset;
 - e) no other department requires the asset; and
2. Assets must be disposed of by–
 - a) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
 - b) transferring the asset to another organ of state at market related value or, when

- appropriate, free of charge;
 - c) selling the asset; or
 - d) 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 as well as immovable 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) 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;
 - d) in the case of the disposal of firearms, the National Conventional Arms Control Committee has approved any sale or donation of firearms to any person or institution within or outside the Republic;
 - e) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
 - f) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed; and
 - g) where assets are traded in for other assets, the highest possible trade-in price is negotiated.

41. Risk management

1. The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are as follows –
- a) non-compliance by the supplier to deliver within the agreed timeframes;
 - b) supply of inferior goods or services by the supplier;
 - c) inability of the supplier to provide goods or services as ordered;
 - d) non-adherence to the municipality's Policy with regards to utilisation of preferred suppliers; and
 - e) procurement of goods or services at prices of a quality not in the best interest of the municipality.
2. Risk management must include –
- a) the identification of risks on a case-by-case basis;
 - b) the allocation of risks to the party best suited to manage such risks;
 - c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;

- d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
- e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

42. Performance management

1. The head of the municipal department which required the goods or a service in terms of a competitive bidding process must ensure that the goods had been delivered or the service completed according to the Municipality's quality and other requirements as specified in the relevant bid documentation.
2. In the case of goods and services (including construction works and consultant services) supplied in response to a quotation invited by the Municipality the head of the client department or section of the Municipality which requested the goods or service must certify on the supplier's invoice that the goods or service had been supplied in accordance with the Municipality's requirements before payment is made.
3. In the case of goods or services procured through a tender process as specified in terms of paragraph 19 of this Policy, the head or section of the relevant department must within 30 (thirty) working days of the final delivery of the required work submit a written report to the Manager of Supply Chain Management on the performance of the supplier.
4. The report must state -
 - (a) whether or not the performance of the supplier was satisfactory in terms of adherence to specifications and delivery or completion schedules, product or service quality and quality of workmanship.
 - (b) include details, supported by copies of any written notifications regarding service delivery given to the supplier.
 - (c) include a recommendation on any further action to be taken against the supplier in terms of paragraph 42 of this Policy.

42.1 Contract Management

1. The Accounting Officer must ensure that all written contracts or service level agreements that are entered into by their respective institutions are legally sound. This measure is aimed at avoiding potential litigation and minimizing possible fraud and corruption.
2. the appointment of a contract manager by the line Department to manage the contract.
3. Such contracts or agreements must be actively managed in order to ensure that both parties (the municipality and the contractors) meet their respective obligations.
4. 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 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 the contract or agreement once every three years in

- the case of a contract or agreement for longer than three years; and
 - (iv) any other matter that may be prescribed.
 - (c) include the General Conditions of Contract as prescribed by National Treasury.
 - (d) specify the duration of the contract.
 - (e) specify the payment terms in respect of the goods or services, including construction works and consultant's services supplied.
 - (f) be monitored by the designated project Manager of the Municipality which requested the goods or services to ensure that all the contract requirements are met.
- 5. Unauthorised deviations or breaches of the contract as in paragraph 41(1)(d) above by the supplier or service provider must be reported to the Head: Legal Services for initiating appropriate action as well as to the SCM Unit which must enter the details in a register for the recording of such deviations and breaches.
- 6. Copies must be made of original signed contracts entered into in the course of the implementation of this Policy and the original document must be forwarded to the SCM Unit for safekeeping or filing in the Documentation Centre of the Municipality together with the bid committee documentation related to the contract.
- 7. Contracts, with the exception of transversal contracts, may not be expanded or varied by more than 20% for constructions related goods, services and/or infrastructure projects and 15% for all other goods and/or services of the original value of the contract. Anything above the mentioned thresholds must be reported to council.
- 8. Any expansion or variation in excess of the thresholds stated above must be dealt within the provisions of section 116(3) of the MFMA which will be regarded as an amendment of the contract.

42.2 Performance Monitoring

1. The Accounting Officer must establish an effective internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the desired objectives were achieved.
2. Issues to be reviewed include:
 - (a) Compliance to norms and standards.
 - (b) Cost-efficiency of the supply chain management process; and
 - (c) Whether supply chain practices are consistent with the Government's broader policy focus.

Part 4: Other matters

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

1. The Accounting Officer must ensure that, irrespective of the procurement process followed, no award above R30 000 (VAT included) is given 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 provider or bidder, a tax clearance certificate from SARS must first be provided as contemplated in paragraph 13(a)(iv).
3. The bidder's tax compliance status must be verified prior to the finalisation of the award of the bid or price quotation.
4. Where the recommended bidder is not tax compliant, the bidder should be notified of their non-compliant status and the bidder must be requested to submit to the municipality, within 7 working days, written proof from SARS of their tax compliance status or proof from SARS that they have made an arrangement to meet their outstanding tax obligations. The proof of tax compliance status submitted by the bidder to the municipality or municipal entity must be verified via the CSD or e-Filing.
5. The accounting officer should reject a bid submitted by the bidder if such a bidder fails to provide proof of tax compliance status within the timeframe stated above.
6. Where goods or services have been delivered satisfactorily without any dispute, the accounting officer should not delay processing payment of invoices due to outstanding tax matters.

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

1. The Accounting Officer must ensure that irrespective of the procurement process followed, no award may be made to a person –
 - a) who is in the service of the state; or
 - b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
 - c) who is an advisor or consultant contracted with the municipality in respect of a contract that would cause a conflict of interest.

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

1. The notes to the annual financial statements must disclose particulars of any award of more than R2 000 (VAT included) 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.

2. All Supply Chain Management officials have to disclose and declare related parties on an annual basis.
3. All key management personnel have to disclose and declare related parties on an annual basis.
4. All members of Bid Committees have to declare their interest and disclose and declare related parties for each and every bid that they serve on as a member of a Bid Committee.

46. Ethical standards

1. All officials involved in supply chain management for the municipality must comply with the Code of Conduct prescribed in the Municipal Systems Act, the Supply Chain Management Framework and the Code of Conduct for Supply Chain Management role players as prescribed.
2. A code of ethical standards is hereby established, in accordance with paragraph 46(3), 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.
3. An official or other role player involved in the implementation of this Supply Chain Management Policy –
 - a) must treat all providers and potential providers equitably;
 - b) may not use his or her position for private gain or to improperly benefit another person;
 - c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
 - d) notwithstanding paragraph 46(3)(c), must declare to the Accounting Officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
 - e) must declare to the Accounting Officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the municipality;
 - f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
 - g) must be scrupulous in his or her use of property belonging to the municipality;
 - h) must assist the Accounting Officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
 - i) must report to the Accounting Officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –

- i) any alleged fraud, corruption, favouritism or unfair conduct;
 - ii) any alleged contravention of paragraph 45(1) of this Policy; or
 - iii) any alleged breach of this code of ethical standards.
- 5. Declarations in terms of paragraphs 46(2)(d) and (e) –
 - a) must be recorded in a register which the Accounting Officer must keep for this purpose;
 - b) by the Accounting Officer must be made to the mayor of the municipality who must ensure that such declarations are recorded in the register.
- 6. The National Treasury's code of conduct must also be taken into account by supply chain management practitioners and other role players involved in supply chain management.
- 7. 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.

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

- 1. No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –
 - a) any inducement or reward to the municipality for or in connection with the award of a contract; or
 - b) any reward, gift, favour or hospitality to –
 - i) any official; or
 - ii) any other role player involved in the implementation of this Policy.
- 2. The Accounting Officer must promptly report any alleged contravention of paragraph 47(1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- 3. Paragraph 47(1) does not apply to gifts less than R350 in value.

48. Sponsorships

- 1. 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.

49. Objections and complaints

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

50. Resolution of disputes, objections, complaints and queries

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.

51. Contracts providing for compensation based on turnover

1. If a service provider acts on behalf of the 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.

52. Construction Industry Development Board

1. The Construction Industry Development Board (CIDB) has been established by the government to promote the uniform application of policy to the construction industry.
 - a) When calling for construction related bids –
 - (i) the same Bid Committee system as for all other bids will be applicable;
 - (ii) the prescribed CIDB (uniformity standard bid documents) may be utilised;
 - (iii) only Contractors registered with the CIDB may be used;
 - (iv) all tenders must be advertised on the CIDB i-tender system if possible;
 - (v) consultants used in the procurement process must adhere to the CIDB legislation;
 - (vi) consultants used in the procurement process are prohibited to provide goods, works or services related to the project; and
 - (vii) 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 and grading on the CIDB website must be verified;
 - (ii) the contractor's registration will be verified and has to be valid on the day the Bid Evaluation Committee evaluates the bid;
 - (iii) the bidder's documents must be assessed against the prescribed CIDB contractor requirements; and
 - (iv) calculations for joint venture gradings must be done according to the CIDB prescriptions.
2. Other matters –
 - a) all projects approved by the Municipality must be registered with the CIDB;
 - b) contracts registered on the i-tender system must be updated and completed;
 - c) non-performance and non-compliance of contractors must be reported to the CIDB as per the CIDB guidelines; and
 - d) Sub-contracting arrangements and joint-venture initiatives must be aligned to the CIDB guidelines and requirements.

53. Archive Of Bidding Documents

1. Bidding documents have to be kept in a safe.
2. The municipality reserves the right to delete all documentation relating to prior tenders

and formal written quotations of previous financial years on the municipal website.

3. The following will be applicable before the destruction of any documents:
 - a) Formal written quotation documents have to be kept for a minimum of five (5) years;
 - b) The documents for tenders that were awarded for a period of less than one (1) year must be kept for a minimum of five (5) years;
 - c) The documents for tenders that were awarded for a period of more than one (1) year must be kept for a minimum of six (6) years or for a period of six (6) years after the completion of the project;
 - d) No documents can be destroyed without the written consent of the Records Manager and the completion of a Destruction Certificate which must be submitted by him/her to the Western Cape Provincial Archives and Records Services for approval.

54. Management Of Expansion or Variation of Orders Against the Original Contract

1. Contracts may be expanded or varied by not more than 20% for construction-related goods, services and/or infrastructure projects and 15% for all other goods and/or services of the original value of the contract.
2. Anything beyond the abovementioned thresholds in (1) must be reported to the council.
3. Any expansion or variation in excess of these thresholds must be dealt with in terms of the provisions of section 116(3) of the MFMA which will be regarded as an amendment to the contract.
4. The contents of paragraph (3) are not applicable to transversal term contracts, facilitated by the relevant treasuries on behalf of municipalities and specific term contracts. The latter refers to orders placed as and when commodities are required and at the time of awarding contracts, the required quantities were unknown.

55. Contracts Having Future Budgetary Implications

1. The Municipality may only enter into a contract that will impose financial obligations beyond the three years covered in the annual budget for that financial year if section 33 of the MFMA has been fully complied with.
2. Section 33(1) of the MFMA prescribes processes that must be followed when a contract will impose financial obligations on the municipality beyond three years.
3. Section 33(2) of the MFMA however states that these processes do not apply to contracts in terms of which the financial obligation of the municipality is below a prescribed value, for this Municipality, this value is determined at R2.5 million per year, VAT included.

4. If a bid has been awarded for three years, and the contract period is ending, the award of this bid may be extended for a period of six months and if it needs to be extended for longer, it can only be done with the approval of Council and in line with Sec116(3) of the MFMA. This extension may only be done in the following instances:
 - a) If a new bid has been invited, but can for some reason not be awarded in time;
 - b) If practical implementation problems of the new bid occur; or
 - c) If the nature of the contract ending is as such that it has to be handed over to a new service provider or supplier over a period of time

DOCUMENT CONTROL

Summary: This document describes the Supply Chain Management Policy that will be applicable to Kannaland Municipality, with effect from **01 March 2025**

Municipal Manager

Date

Executive Mayor

Date