



MASILONYANA LOCAL MUNICIPALITY

SUPPLY CHAIN MANAGEMENT POLICY



[SCM POLICY 2024/2025]



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

The Council of the Masilonyana Local Municipality resolves in terms of Section 111 of the Local Government: Municipal Finance Management Act, No. 56 of 2003 to adopt the following as the Supply Chain Management Policy of the municipality:

TABLE OF CONTENTS

1. Definitions

CHAPTER 1

**ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT
POLICY**

2. Supply chain management policy
3. Adoption and amendment of supply chain management policy
4. Delegation of supply chain management powers and duties
5. Sub delegations
6. Oversight role of council
7. Supply chain management units
8. Training of supply chain management officials

CHAPTER 2

FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT

9. Format of supply chain management

Part 1: Demand management

10. System of demand management

Part 2: Acquisition management

11. System of acquisition management
12. Range of procurement processes
13. General preconditions for consideration of written quotations or bids



14. Lists of accredited prospective providers
15. Petty cash purchases
16. Formal written price quotations
17. Procedures for procuring goods or services through formal written price quotations
18. Competitive bidding process
19. Process for competitive bidding
20. Bid documentation for competitive bids
21. Public invitation for competitive bids
22. Procedure for handling, opening and recording of bids
23. Negotiations with preferred bidders and communication with prospective providers and bidders
24. Two-stage bidding process
25. Committee system for competitive bids
26. Bid specification committees
27. Bid evaluation committees
28. Bid adjudication committees
29. Procurement of banking services
30. Procurement of IT related goods or services
31. Procurement of goods and services under contracts secured by other organs of state
32. Procurement of goods necessitating special safety arrangements
33. Appointment of consultants
34. Deviation from, and ratification of minor breaches of, procurement processes
35. Unsolicited bids
36. Combating of abuse of supply chain management system

Part 3: Logistics, Disposal, Risk and Performance Management

37. Logistics management
38. Disposal management
39. Risk management
40. Performance management

Part 4: Other matters

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



42. Prohibition of awards to persons in the service of the state
43. Awards to close family members of persons in the service of the state
44. Ethical standards
45. Inducements, rewards, gifts and favours
46. Sponsorships
47. Objections and complaints
48. Resolution of disputes, objections, complaints and queries
49. Contracts providing for compensation based on turnover
50. Short title and commencement



1. Definitions

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

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

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

“Council” means the Council of the Masilonyana Local Municipality;

“emergency” includes the existence of one or more of the following:

- the possibility of human injury or death or suffering and death of livestock and animals;
- the possibility of damage to property;
- the prevalence of human suffering or deprivation of rights;
- the interruption of essential or support services which are critical to the effective functioning of the Municipality;
- the possibility of serious damage to the natural environment; and
- the possibility that failure to take necessary action may result in the Municipality not being able to render an essential community service of which the prevailing situation or imminent danger should be of such a nature and scale that it could not readily be alleviated by interim measures, in order to allow time for the formal procurement process.

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

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

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

- (a) a member of –
 - (i) any municipal council;
 - (ii) any provincial legislature; or
 - (iii) the National Assembly or the National Council of Provinces;
- (b) a member of the board of directors of any municipal entity;



- (c) an official of any municipality or municipal entity;
- (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
- (e) a member of the accounting authority of any national or provincial public entity; or
- (f) an employee of Parliament or a provincial legislature;

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

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

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

- (a) the Constitution of the Republic of South Africa Act, 1996 [Act 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); and
- (e) the Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004).

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

“senior manager” shall mean a manager referred to in section 56 of the Municipal Systems Act;

“the Regulations” means the Regulations promulgated under the Act from time to time;

“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); and



CHAPTER 1

ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Supply chain management policy

- (1) All officials and other role players in the supply chain management system of the **municipality** must implement this Policy in a way that –
 - (a) gives effect to –
 - (i) section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
 - (b) is fair, equitable, transparent, competitive and cost effective;
 - (c) complies with –
 - (i) the regulatory framework prescribed in Chapter 2 of the Regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
 - (d) is consistent with other applicable legislation;
 - (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.
- (2) The municipality may not act otherwise than in accordance with this supply chain management policy when –
 - (a) procuring goods or services;
 - (b) disposing of goods no longer needed;
 - (c) 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
 - (d) selecting external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.
- (3) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –



- (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
- (b) electricity from Eskom or another public entity, another municipality or a municipal entity.

3. Adoption and amendment of the supply chain management policy

- (1) The accounting officer must –
 - (a) at least annually review the implementation of this policy; and



- (b) when the accounting officer considers it necessary, submit proposals for the amendment of this policy to the council.
- (2) If the accounting officer submits a draft policy to the council that differs from the model policy, the accounting officer must ensure that such draft policy complies with the Regulations. The accounting officer must report any deviation from the model policy to the National Treasury and the relevant provincial treasury.
- (3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.
- (4) The accounting officer of a municipality 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 necessary powers and duties to the accounting officer so as to enable the accounting officer –
 - (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –
 - (i) Chapter 8 and 10 of the Act; and
 - (ii) the supply chain management policy;
 - (b) to maximise administrative and operational efficiency in the implementation of the supply chain management policy;
 - (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of the supply chain management policy; and
 - (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- (2) Sections 79 and 106 of the Act apply to the sub-delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1) of this policy.



- (3) The council or accounting officer may not delegate or subdelegate any supply chain management powers or duties to a person who is not an official of the municipality or to a committee which is not exclusively composed of officials of the municipality;



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

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 subparagraph (2) and paragraph 4 of this policy.
- (2) The power to make a final award –
- (a) above R10 million (VAT included) may not be sub-delegated by the accounting officer;
 - (b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated but only to –
 - (i) the chief financial officer;
 - (ii) a senior manager; or
 - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member;
 - (c) not exceeding R2 million (VAT included) may be sub-delegated but only to –
 - (i) the chief financial officer;
 - (ii) a senior manager;
 - (iii) a manager directly accountable to the chief financial officer or a senior manager; or
 - (iv) a bid adjudication committee.
- (3) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph (2) of this policy must within five (5) working days of the end of each month submit to the official referred to in subparagraph (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 person/entity to whom the award was made; and
 - (c) the reason why the award was made to that person/entity.
- (4) A written report referred to in subparagraph (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) a senior manager; or
 - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
- (b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by –
 - (i) a manager referred to in subparagraph (2)(c)(iii) of this policy; or
 - (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.
- (5) Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.
- (6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this policy.
- (7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

6. Oversight role of council

- (1) The council must maintain oversight over the implementation of this supply chain management policy.
- (2) For the purposes of such oversight the accounting officer must –
 - (a)
 - (i) 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,
 - (ii) Whenever there are serious and material problems in the implementation of the 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.



7. Supply chain management unit

- (1) The accounting officer must establish a supply chain management unit to implement this supply chain management policy.
- (2) The supply chain management unit must operate 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 should be in accordance with Treasury guidelines on supply chain management training.



CHAPTER 2

FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT

9. Format of supply chain management

This supply chain management 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 timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
 - (b) consider 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; and
 - (d) undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

Part 2: Acquisition management

11. System of acquisition management

- (1) Through operational procedures, an effective system of acquisition management is established in Part 2 of this policy in order to ensure –



- (a) that goods and services are procured by the municipality in accordance with authorized processes only.
 - (b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act.
 - (c) that the threshold values for the different procurement processes are complied with.
 - (d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
 - (e) that any Treasury guidelines on acquisition management are properly considered.
- (2) This supply chain management policy, except where provided otherwise in the policy, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –
- (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
 - (b) electricity from ESKOM or another public entity, another municipality or a municipal entity.
- (3) The following information must be made public wherever goods or services contemplated in section 110(2) of the Act are procured other than through the supply chain management system –
- (a) the kind of goods or services; and
 - (b) the name of the supplier.

12. Range of procurement processes 12(1) b

- (1) The procurement of goods and services through this policy is provided by way of –
 - (a) No quotation (petty cash purchases) up to a transaction value of R2 000 (VAT included);
 - (b) Formal written price quotations for procurements of a transaction value over R2 000 (VAT included) up to R300 000 (VAT included); and
 - (c) A competitive bidding process for–
 - (i) procurements 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 subparagraph (1); or



- (b) Direct that –
 - (i) Formal written price quotations be obtained for any specific procurement of a transaction value above R2 000; or
 - (ii) A competitive bidding process be followed for any specific procurement of a transaction value above R300 000 (VAT included).
- (3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.
- (4) The range of procurement processes set out in paragraph 12(1) above can graphically be set out as follows:



PROCESS	VALUE
Petty Cash Purchases	Up to R2 000 [VAT included]
Formal Written Price Quotations	Over R2 000 [VAT included] up to R300 000 [VAT included]
Competitive Bidding	Over R300 000 [VAT included] or Long-Term Contracts exceeding one [1] year

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

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

- (a) Has furnished the municipality with that provider's –
 - (i) Full name;
 - (ii) Identification number or company or other registration number; and
 - (iii) Tax reference number and VAT registration number, if any;
 - (iv) MAAA Number issued by National Treasury (Central Suppliers Database) and
- (b) 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 subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

14. Lists of accredited prospective providers

1. The Municipality uses the National Treasury Central Suppliers' database for selection of suppliers or service providers for different types of goods and services as this system is more reliable and has all the necessary functions in assisting the municipality to appoint credible and compliant suppliers as compared to an internal database.



15. Petty cash purchases

- (1) The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph (1) (a) of this Policy, are as follows—
 - (a) The Chief Financial Officer (CFO) shall determine the terms on which a manager may delegate responsibility for petty cash to an official reporting to the manager;
 - (b) Subject to paragraph 12 1(a), the CFO shall determine the maximum number of petty cash purchases or the maximum amounts per month for each manager;
 - (c) The CFO shall determine any types of expenditure from petty cash purchases that are excluded, where this is considered necessary; and



- (d) a monthly reconciliation report from each manager must be provided to the chief financial officer, including –
 - (i) the total amount of petty cash purchases for that month; and
 - (ii) receipts and appropriate documents for each purchase.

16. Formal Written Price Quotations

- (1) No orders may be placed based on verbal price quotations.
- (2) The conditions for the procurement of goods or services from R2 000 to R300 000 (VAT included) through written quotations are as follows:
 - (a) Quotations must only be obtained from at least three different providers who are registered on the National Treasury Central Suppliers Database (**CSD**).
 - (b) To the extent feasible, providers must be requested to submit such quotations in writing.
 - (c) If it is not possible to obtain at least three quotations, the reasons must be recorded and reported to the accounting officer or another official designated by the accounting officer; and
 - (d) The accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices.
- (3) A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

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

- (1) The procedure for the procurement of goods or services through written quotations and formal written price quotations is as follows:
 - (a) When using the list of accredited prospective providers, the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis.
 - (b) All requirements more than R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 16, be advertised for at least seven days on the website, official notice boards of the municipality and e-tender portal.
 - (c) Offers received must be evaluated on a comparative basis considering unconditional discounts.



- (d) The accounting officer or chief financial officer must monthly be notified in writing of all written formal written price quotations accepted by an official acting in terms of a sub-delegation.

18. Competitive bids

- (1) Goods or services above a transaction value of R300 000 (VAT included) and long-term contracts may only be procured through a competitive bidding process, subject to paragraphs 11(2) and 36 of this policy; and
- (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.

19. Process for competitive bidding

- (1) The procedures for the following stages of a competitive bidding process are as follows:
 - (a) Compilation of bidding documentation,
 - (b) Public invitation of bids on **E-tender portal**.
 - (c) Site meetings or briefing sessions, if applicable.
 - (d) Handling of bids submitted in response to public invitation.
 - (e) Evaluation of bids as detailed in paragraph 28.
 - (f) Awarding of contracts.
 - (g) Administration of contracts.
 - (h) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
 - (i) Proper record keeping; and
 - (j) Original / legal copies of written contracts agreements should be kept in a secure place for reference and auditing purposes.

20. 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;



- (ii) any Treasury guidelines on bid documentation;
 - (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; and
 - (iv) the Guidelines on Specifications for Procurement of Private Valuers issued by the Department of Provincial and Local Government for the procurement of the services of private valuers to make valuations as contemplated in the Local Government: Municipal Property Rates Act, No. 6 of 2004;
- (b) include evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;



- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish—
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
 - (aa) for the past three years; or
 - (bb) since their establishment if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic;
- (e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

21. Public invitation for competitive bids

- (1) The procedure for the invitation of competitive bids, are as follows:
 - (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement at E-Tender Publication website, municipal notice boards and the website of the municipality and in case of construction therefore placed on CIBD website; 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 may not be less than 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;
 - (ii) a statement that bids may only be submitted on the bid documentation provided by the municipality; and
 - (iii) date, time and venue of any proposed site meetings or briefing sessions.



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



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

22. 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; except where the two envelope system has been used, only the bidders name will be read out; and
 - (c) The accounting officer must –
 - (i) record in a register all bids received in time;
 - (ii) on written request make the register available for public inspection; and
 - (ii) publish the entries in the register and the bid results on the website.
- (2) Opening of bids and quotations
 - (a) All competitive bids shall be opened in public by the Supply Chain Management Unit as soon as possible after the closing date and time of the advertisement/invitation. At such public bid openings the names of the bidders and the prices are read out. Responses received in terms of procurement mechanisms below the value of R300 00 (VAT included) may only be opened and read out as per the terms and conditions of a tender, with the exclusion of competitive bids above R300 00 may be excluded from public bid openings. When such quotations are opened, the names of bidders who responded are therefore not read out.
 - (b) All bids and quotations, addressed to the Municipality, shall be opened by a Senior Supply Chain Official, CFO OR designated official acting in that capacity.
 - (c) Bids and quotations, which fall within the jurisdiction of Managers, shall be opened in the presence of at least two employees, one of which should be a senior employee and neither of



them shall have a personal interest in the bid or quotation or be involved in the adjudication thereof.

(3) Stamping of bids and reading out of names

- (a) As each bid is opened the name of the bidder and the amount shall be read out. An employee shall date-stamp the bid or quotation and all enclosures related to prices, delivery periods and special conditions.



- (b) Bids and quotations shall be numbered in the sequence in which they have been opened and the words “and last” shall be endorsed on the last bid or quotation. In instances where only one bid has been received the words “and only” shall be endorsed on such bid.
- (c) Where prices have not been inserted in all relevant spaces on the form and such items have not been deleted by bidders, such spaces shall be stamped “no price” by the employee who opens the bids or quotations.

Note: It is the policy of the Municipality to disclose bid prices. With regard to quotations of a value below R300 000 (VAT included), names of bidders and prices may not necessarily be read out, but will be registered in a register and available for inspection at the Supply Chain Management Unit.

- (d) Details on how bidders responded to the relevant evaluation criteria e.g. SMME contribution, community benefits, job creation, environmental impact, etc. should not be disclosed.
- (e) Bids opened in public should be registered in the Bidding Register.

(4) Late Bids

- (a) Bids or quotations arriving after the specified closing time shall not be considered and where practicable and cost effective shall be returned to the bidder unopened with a letter explaining the circumstances.
- (b) Bid documents must clearly state the venue where the bidding box is situated for each bid. Any bid delivered to the wrong bid box will not be considered, even if it was delivered on time.
- (c) Late bids must be returned unopened. Where it's necessary or possible to open a late bid or quotation to obtain the name and address of the sender, each page of the document shall be stamped “late bid” before the bid is returned to the bidder.

(5) Amendments before the closing date

The Municipality is entitled to amend any bid condition, validity period, specification or plan, or extend the closing date of such a bid or quotation before the closing date, provided that such amendments or extensions are advertised and/or that all bidders to whom bid documents have been issued, are advised in writing per registered post or by email of such amendments or of the extension clearly reflecting the new closing date and time. For this reason, employees issuing bids shall keep a record of the names, addresses and contact numbers of the persons or enterprises to whom bid documents have been issued.



(6) Dealing with bids and quotations if the closing date thereof has been extended

Where the closing date of a bid or quotation is extended, the notice which makes known such extensions shall also mention the bids or quotations already received, will be retained unopened in the bidding box and be duly considered after the expiry of the extended period, unless the bidder requests that such bid or quotation to be returned to the bidder or unless the bidder cancels it by submitting a later dated bid or quotation before the extended closing date.



(7) No amendments after the closing date allowed

The municipality is not entitled to amend any bid condition, validity period, specification or plan after the closing date of the bid and before the acceptance of a bid or quotation has been notified.

23. Negotiations with preferred bidders and communication with prospective providers of goods and services 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.
- (3) No communication with bidders and prospective providers.
 - (a) Where bids and quotations have been submitted to the municipality, a bidder may not communicate with any councillor or official on any matter regarding his bid, quotation or offer other than a notice of withdrawal.
 - (b) No municipal personnel may communicate with a bidder or any other party who has an interest in a bid, during the period between the closing date for the receipt of the bid or quotation (or date of receipt of an offer), and the date of notification of the successful bidder of acceptance of his bid, quotation or offer, except as provided for in paragraph (c) below. Every such case of unauthorised communication shall forthwith be reported to the Supply Chain Management Unit as well as the relevant chairperson of the Bid Adjudication Committee. A bid or quotation in respect of which unauthorised communication has occurred may be disqualified.
 - (c) The chairperson of the Bid Adjudication Committee, may authorise an employee, in writing, to communicate with a bidder during the period mentioned in subsection (b) above for the purpose of:-
 - (i) explaining and verification of declarations made in the bid response;
 - (ii) confirming technical particulars and the compliance thereof with specifications;
 - (iii) clarifying delivery times/quantities;
 - (iv) extending the validity period of a bid;
 - (v) amending any bid condition, validity period or specification after the closing date; and



- (vi) clarifying any other commercial aspect.
- (d) In all cases where authority has been granted to communicate with bidders in terms of paragraph (c) above, it should be clearly stated in the submission to the Bid Adjudication Committee the nature of the communication as well as by whom such authority to communicate has been granted.



- (e) All changes and/or clarification of specifications shall be conveyed to all bidders by means or methods as specified in paragraph 23.

24. 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.

25. Committee system for competitive bids

- (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:
 - (a) a bid specification committee;
 - (b) a bid evaluation committee; and
 - (c) a bid adjudication committee.
- (2) The accounting officer must appoint the members of each committee, taking into account section 117 of the Act; and
- (3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with –
 - (a) paragraph 27, 28 and 29 of this policy; and
 - (b) any other applicable legislation.
- (5) The accounting officer may apply the committee system to formal written price quotations.



26. Bid specification committees

- (1) The appropriate bid specification committee must compile the specifications for the procurement of goods or services by the municipality.
- (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) must where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
 - (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
 - (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;
 - (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001;
 - (g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this policy; and
 - (h) In any tender where it is alleged that there is only one or no company that meets the tender specifications, the specification committee may solicit the opinion of a technical expert.
- (3) A bid specification committee must be composed of two or more officials of the municipality, preferably including the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.
- (4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

27. 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) evaluate each bidder’s ability to execute the contract;



- (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears;
- (d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter; and
- (e) In the case of formal tenders being discovered that they have failed to comply with the tender specification or any general tender requirement, the Evaluation Committee has a right to issue an instruction for re-tendering.



- (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 practitioner of the municipality.

28. Bid adjudication committees

- (1) The bid adjudication committee must –
 - (a) consider the report and recommendations of the bid evaluation committee; and
 - (b) either –
 - (i) Depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
 - (ii) Make another recommendation to the accounting officer how to proceed with the relevant procurement.
- (2) 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;
 - (ii) At least one senior supply chain management practitioner who is an official of the municipality;
 - (iii) Senior Managers who are members of the bid adjudication committee will be allowed to sub-delegate, in writing, their responsibilities to competent staff members in cases where they cannot attend certain sittings of the committee.
 - (vi) A technical expert in the relevant field who is an official, if such an expert exists.
- (3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- (4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (5) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –



- (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
 - (ii) Notify the accounting officer.
- (6) The accounting officer may –
 - (i) After due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
 - (ii) If the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.



- (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.

29. 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 ninety (90) 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).

30. 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 –
 - (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
 - (b) the transaction value of a contract to be procured, whether for one or more years exceeds R50 million (VAT included).



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

31. 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) Subparagraphs (1)(c) and (d) above 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.

32. 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 where ever possible.
- (2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

33. Appointment of consultants

- (1) The accounting officer may procure consulting services provided that any Treasury guidelines and CIDB requirements in respect of consulting services are taken into account when such procurements are made.
- (2) Consultancy services must be procured through competitive bids if -
 - (a) the value of the contract exceeds R300 000 (VAT included); or
 - (b) the duration period of the contract exceeds one year.
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
 - (a) all consultancy services provided to an organ of state in the last five years; and
 - (b) any similar consultancy services provided to an organ of state in the last five years.



- (4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.

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

- (1) The accounting officer may –
- (a) dispense with the official procurement processes established by this policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
- (i) in an emergency.
- (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 food for such animals 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.
- (b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.
- (2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.
- (3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

35. 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 subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –
 - (a) reasons as to why the bid should not be open to other competitors;
 - (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
 - (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (4) All written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, must be submitted 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.

36. Combating of abuse of supply chain management system

The following measures are established to combat the abuse of the 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 supply chain management policy, and when justified –
 - (i) take appropriate steps against such official or other role player; or
 - (ii) report any alleged criminal conduct to the South African Police Service;



- (c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
- (d) reject any bid from a bidder–
 - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or
 - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
- (e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
- (f) cancel a contract awarded to a person if –
 - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- (g) reject the bid of any bidder if that bidder or any of its directors –
 - (i) has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
 - (ii) has been convicted for fraud or corruption during the past five years;
 - (iii) has 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 Bid Defaulters In terms section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
- (2) The accounting officer must inform the National Treasury, the Provincial Treasury and Council in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

Part 3: Logistics, Disposal, Risk and Performance Management

37. Logistics management

An effective system of logistics management must include the following:



- (a) 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) setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (c) placing of manual or electronic orders for all acquisitions other than petty cash;



- (d) before payment is approved , a certification from 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 goods placed in stores are secure and only used for the purpose 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 a particular good or service.

38. Disposal management

- (1) Immovable property belonging to the Municipality shall only be disposed of in accordance with the Municipality's Policy and Procedures for the Disposal of its Immovable Capital Assets incorporating its Immovable Property Disposal Directives.
- (2) Movable Assets of the Municipality shall only be disposed of in compliance with Section 14 of the Act and such assets may be disposed of by –
 - (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
 - (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
 - (iii) selling the asset; or
 - (iv) destroying the asset.
- (3) The accounting officer must ensure that –
 - (a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
 - (b) movable assets may be sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
 - (c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;



- (d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
- (e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- (f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and



- (g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

39. 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 policy with regards to utilization of preferred suppliers; and
 - (e) Procurement of goods or services at prices or of a quality not in the best interest of the municipality.
- (2) Risk management includes –
 - (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.

40. Performance management

- (1) The accounting officer must establish and implement an effective internal monitoring system to determine, based on a retrospective analysis, whether the authorized supply chain management processes were followed and whether the measurable performance objectives linked to and approved with the budget and the service delivery and budget implementation plan were achieved.
- (2) Monthly monitoring of service providers and blacklisting thereof will be in line the National Treasury guidelines.



Part 4: Other matters

41. Prohibition on awards to persons whose tax matters are not in order (R15 000.00)

The accounting officer must ensure that, irrespective of the procurement process followed, no award above R15 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.

- [1] Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.
- [2] If SARS does not respond within 7 days such a person's tax matters may for purposes of subparagraph [1] be presumed to be in order and must be read in conjunction with MFMA Circular 90.
- [3] Accounting Officers of all municipalities and municipal entities should:
 - [a] Designate officials, preferably from the supply chain management unit, whose function will be to verify the tax compliance status of a taxpayer and to manage the TCS system the SARS website and have the functionality to verify the tax compliance status of a taxpayer on the SARS' e-Filing system. Guidance to the Tax Compliance functionality on e-Filing is available on the SARS website www.sars.gov.za.
 - [b] Utilize the Municipal Bid Document 1 (MBD1) issued with this circular when inviting bids.
 - [c] as a bid condition, request bidders to register on government's Central Supplier Database (CSD) and include in their quotations or bids, their Master Registration Number or tax compliance status PIN to enable the municipality to verify the bidder's tax compliance status.
 - [d] utilize the Master Registration Number or tax compliance status PIN to verify bidders' tax compliance status.
 - [e] Print the tax compliance status screen view or letter with the result of the bidder's status at the date and time of verification to file with the bidder's bid documents for audit purposes.



42. 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 given 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.
- (d) Subject to the exemptions reflected in Government Notice 44 as reflected in Government Gazette No. 28411 dated 18 January 2006

43. 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.

44. Ethical standards

- (1) A code of ethical standards is hereby established, in accordance with subparagraph (2), for officials and other role players in the supply chain management system in order to promote –
 - (a) mutual trust and respect; and
 - (b) an environment where business can be conducted with integrity and in a fair and reasonable manner.
- (2) An official or other role player involved in the implementation of the supply chain management policy –
 - (a) must treat all providers and potential providers equitably;
 - (b) may not use his or her position for private gain or to improperly benefit another person;
 - (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;



- (d) notwithstanding subparagraph (2)(c), must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
- (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the municipality;



- (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
 - (g) must be scrupulous in his or her use of property belonging to the municipality;
 - (h) must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
 - (i) must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
 - (i) any alleged fraud, corruption, favouritism or unfair conduct;
 - (ii) any alleged contravention of paragraph 47(1) of this policy; or
 - (iii) any alleged breach of this code of ethical standards.
- (3) Declarations in terms of subparagraphs (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.
- (4) 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.
- (5) 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.

45. Inducements, rewards, gifts and favors 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 the supply chain management policy.



- (2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- (3) Subparagraph (1) does not apply to gifts less than R350 in total value received on no more than one occasion from any one supplier during a particular financial year.

46. 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
 - a recipient or prospective recipient of goods disposed or to be disposed.

47. 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.

48. 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 during 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.
 - (c) If disputes occur in any projects above R10 million, the Senior Manager responsible for Legal Services will recommend an independent and impartial person to the accounting officer in order to mediate in the dispute.



- (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.

49. Contracts providing for compensation based on turnover

- (1) If a service provider acts on behalf of a municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate –
 - (a) a cap on the compensation payable to the service provider; and
 - (b) that such compensation must be performance based.

50. Short title and commencement

50.1 This part of the policy is called the Masilonyana Local Municipality Supply Chain Management Policy and takes effect on the date approved by Council and will be reviewed annually by a way of Council Resolution.