OKHAHLAMBA

LOCAL MUNICIPALITY • UMKHANDLU WENDAWO

Home of Heritage and Tourism

FINAL MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY

2026/2027

MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

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

TABLE OF CONTENTS

Part 3: Logistics, Disposal, Risk and Performance Management

Part 4: Other matters

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) (d) of this Policy.

"Competitive bid" means a bid in terms of a competitive bidding process.

"Final award", in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept.

"Formal written price quotation" means quotations referred to in paragraph 12 (1) (c) of this Policy.

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

(a) a member of –

(i) any municipal council.

(ii) any provincial legislature; or

(iii) the National Assembly or the National Council of Provinces.

(b) an official of any municipality

(c) an employee of any national or provincial department, national or provincial public entity or constitution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999).

(d) a member of the accounting authority of any national or provincial public entity; or

(e) an employee of Parliament or provincial legislature.

"Long term contract" means a contract with a duration period exceeding one year.

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

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

(a) the Preferential Procurement Policy Framework Act, 2017 (Act No. of 2017);

(b) The Constitution of the Republic of South Africa, (Act no. 108 of 1996)

(c) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and

(d) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);

"QSE" means a qualifying small business enterprise 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;

"rural area" means-
(a) a sparsely populated area in which people farm or depend on natural resources, including villages and small towns that are dispersed through the area; or
(b) an area including a large settlement which depends on migratory labour and remittances and government social grants for survival, and may have a traditional land tenure system;

"township" means an urban living area that any time from the late 19th century until 27 April 1994, was reserved for black people, including areas developed for historically disadvantaged individuals post 27 April 1994;

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

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

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

"youth" means person between the ages of 14 and 35 as the National Youth Development Agency Act, 2008 (Act No. 54 of 2008).

" Price" means an amount of money tendered for goods or services, and includes all applicable taxes less all unconditional discounts;

" **Rand value"** means the total estimated value of a contract in Rand, calculated at the time of the tender invitation;

"**Tender**" means a written offer in the form determined by an organ of state in response to an invitation to provide goods or services through price quotations, competitive tendering process or any other method envisaged in legislation;

"Tender for income-generating contracts" means a written offer in the form determined by an organ of state in response to an invitation for the origination of income-generating contracts through any method envisage in legislation that will result in a legal agreement between the organ of state and a third party that produces revenue for the organ of state, and includes, but is not limited to, leasing and disposal of assets and concession contracts, excluding direct sales and disposals of assets through public auctions;

"**Specific goals**" means specific goals as contemplated in section 2(1)(d) of the PPPFA which may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender and disability including the implementation of programmes of the Reconstruction

"**SMMEs**" means small businesses; as defined in section 1 of the National Small Business Act, 1996 (Act No. 102 of 1996) a separate and distinct business entity, including co-operatives enterprises and non-governmental organizations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub sector of the economy mentioned in Colum 1 of the Schedule and which can be classified as a micro-, a very small, a small or a medium enterprise by satisfying the criteria 40 mentioned in columns 3; 4 and 5 of the Schedule opposite the smallest relevant size or class as mentioned in column 2 of the Schedule;;

"**Qualifying Small Enterprise**" must mean any enterprise with annual total revenue of between R10 million and R50 million.

"**Rand value**" means the total estimated value of a contract in Rand, calculated at the time of the tender invitation;

"**Highest acceptable tender**" means a tender that complies with all specifications and conditions of tender and that has the highest price compared to other tenders;

"**Lowest acceptable tender**" means a tender that complies with all specifications and conditions of tender and that has lowest price compared to other tenders;

“**Exempted Micro Enterprise**” must mean a bidder with an annual total revenue of R10 million or less (in terms of the Broad-Based Black Economic Empowerment Act);

“**Priority population group**” must mean black individuals who fall into population groups that were not offered a franchise in the national elections before or after the introduction of the 1984 tri-cameral parliamentary system and only received a franchise during 1994”.

“Bid” means a written offer, in the form determined by instruction, in response to an invitation for the procurement of goods or services or other form of procurement through a price quotation, a competitive bidding process, a limited bidding process or any other method envisage in the Act;

“ Bidder” means any person/enterprise which has submitted a Bid” ;

“ Disability” means in respect of a person, a permanent, means, in respect of a person, a permanent impairment of a physical, intellectual, or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner, or within the range, considered normal for a human being;

“ People with disabilities” in terms of the Code of Good practice on the Employment of Persons with disabilities; it is persons who have a long-term or recurring physical or mental impairment, which substantially limits their prospects of entry into, or advancement of employment;

CHAPTER 1

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 **Okhahlamba 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 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) This Policy applies when the Municipality (Okhahlamba Municipality) –

(a) procures goods or services;

(b) disposes goods no longer needed;

(c) selects 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) selects 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 were 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. 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 proposed amendments to the council that differs from the model policy issued by the National Treasury, the accounting officer must –

(a) ensure that such proposed amendments comply 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 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. 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;

(ii) this Policy;

(b) to maximize 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) Sections 79 of the Act apply to the sub delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).

(3) Prohibition of the delegation or sub-delegation of 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. The provisions of Government Gazette No. 43281 of 5 May 2020 allow the municipality to co-opt municipal officials from other municipalities to assist the municipality if the municipality do not have the relevant competency.

(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) of this paragraph and paragraph 4 of this Policy.

(2) The power to make a final award –

(a) above R10 million (all applicable taxes included) may not be sub delegated by the accounting officer;

(b) above R2 million (all applicable taxes 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; or the chief financial officer or a senior manager

(c) not exceeding R2 million (all applicable taxes 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.

(d) R300 000 and below orders may be sub delegated to –

(I) the chief financial officer;

(ii) a senior manager;

(iii) a manager directly accountable to the chief financial officer or a senior manager;

(3) An official or bid adjudication committee to which the power to make final awards has been sub delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) 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 to whom the award was made; and

(c) the reason why the award was made to that person.

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

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

(i) the chief financial officer;

(ii) a senior manager; or

(iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or

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

(i) a manager referred to in subparagraph (2)(c)(iii); or

(ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.

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

~~(6)~~(5) 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)~~(6) No supply chain management decision-making powers may be delegated to an advisor or consultant.

6. Oversight role of council

(1) The council reserves its right to maintain oversight over the implementation of this Policy.

(2) For the purposes of such oversight the accounting officer must –

(a) (i) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of the Municipality

(ii) Whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council

(3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor and KZN Provincial Treasury SCM Unit**.**

(4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

7. Supply chain management unit

(1) A supply chain management unit is hereby established to implement this, Policy.

(2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

8. Training of supply chain management officials

The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training.

CHAPTER 2
SUPPLY CHAIN MANAGEMENT SYSTEM

9. Format of supply chain management system (Elements of SCM)

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 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) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and

(c) provide for the compilation of the required specifications to ensure that its needs are met.

(d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

(e) Compile the annual procurement plan and submit quarterly reports to the Mayor and KZN PT on progress made with the implementation there off.

Part 2: Acquisition management

11. System of acquisition management

(1) The accounting officer must implement the system of acquisition management set out in this Part 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 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 municipality's 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 procured by way of –

(a) petty cash purchases, up to a transaction value of R2 000 (inclusive of all applicable taxes);

(b) formal written price quotations for procurements of a transaction value over R2 000 up to R300 000 (inclusive of all applicable taxes);

and

(c) a competitive bidding process for–

(i) procurements above a transaction value of R300 000 (inclusive of all applicable taxes); and

(ii) the procurement of long-term contracts.

- procurement of consultancy services: Refer to MSCM Regulation 35 Appointment of Consultants- Competitive bidding process must be followed if the contract exceeds R 300 000-(Including all applicable taxes) but if the contract exceed one year MSCM Regulation 35(2)(b) requires that a competitive bidding process be followed. Long-term contracts for the procurement of consultancy services are procured through a competitive bidding process irrespective of value.

- LONG TERM CONTRACTS FOR THE PROCUREMENT OF GOODS AND SERVICES:

The Accountings Officer should determine the value of the required long term contract. If the value is within R 300 000- (Including all applicable taxes) then the quotation process should be followed, but if the value is within the competitive bidding threshold the competitive bidding process should be followed.

(2) The accounting officer may, in writing-

(a) lower, but not increase, the different threshold values specified in subparagraph (1); or

(b) to direct that –

i. Formal written price quotations be obtained for any specific procurement of transaction value lower than R2000 (Including all applicable taxes;).

ii. a competitive bidding process be followed for any specific procurement of a transaction value lower than R300 000 (-inclusive of all applicable taxes)

(3) (a) 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.

(b) 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.

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

1. A formal written price quotation or bid may not be considered unless the provider/ bidder who submitted the quotation or bid:

(a) has furnished with the quotation or bid the municipality with that provider's:

(i) full name;

(ii) proof of registration with Company Intellectual Property Commission (CIPC) in case of private company, public company, co-operatives, and Non-Government Organisation (NGO) with company registration number, certified copy of the service providers ID with I.D. number in case of a Sole Proprietor or other registration number; and

(c) has furnished the following according to South African Receiver of Revenue (SARS) with quotation or bid:

(iii) tax reference number and VAT registration number (if applicable) and;

(iv)copy of tax clearance and PIN obtainable from the South African Revenue Services that proves the service provider's tax matters are in order and;

2. The municipality must verify and attach proof of verification with all relevant documentation to prove that the verification was conducted, and should it be found that, the tax matters on award of the quotations or bid are not in order the service provider be notified of their non-compliant tax status and the bidder must 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 obligations. The proof of tax compliance status submitted by the bidder to the municipality will be verified through CSD or SARS e-filing It is not the responsibility of the municipality to obtain a copy of the

tax clearance and a pin from the South African Revenue Services that will confirm that the provider's tax matters are in order, the municipality will verify the validity of the tax clearance through South African Revenue Services; and has furnished the following with the quotation or bid:

(v) statement(s) proving that water, electricity, rates and business levy accounts of the owners or directors of the company, including the business are not in arrears for more than three months.

(vi)in a case of a company operating from the household under Tribal Authority, proof of address from the ward councillor or an affidavit from the South African Police Services (SAPS) must be provided with the quotation or bid; and in a case where a household within a Tribal Authority may receive electricity from Eskom, an Eskom statement of account not to be in arrears more than three months may be provided with a quotation or bid.

(vii) in a case where the company leases the operating space the, the proof of lease signed by both the lessee and the lessor must be furnished with the quotation or bid

(viii) certificate of attendance at a compulsory site inspection signed by both the client and the service provider, where applicable;

(ix)proof of registration on Central Supplier Database and the registration number by National Treasury.

(d) 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 within 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 subclause(refer to regulation 44 Prohibition on awards to persons in the service of the state.)

(iv)is in the service of the state or has been in the service of the state in the previous twelve months.

14. Listing criteria of accredited prospective providers.

The accounting officer must –

- keep a list of accredited prospective providers of goods and services that must be used for all procurement requirements of the municipality in excess of R 2 000.00 (all applicable taxes included)

The CSD (Central Supplier Database) system starting with (MAAA) which is auto generated by the Central Database System after successful registration and validation of the prospective supplier as a mandatory requirement as part of listing criteria for accrediting prospective provider.

The CSD will automatically validate the following registration documents:-

- Confirmation and status of business registration documents
- Proof of bank account registration
- Tax compliance status

- Employee in the service of the state as defined in the Municipal Regulations with information only available in the PERSAL system at this time, namely national and provincial officials
- Identity documentation
- Tender defaulters and restrictions

The Okhahlamba Local Municipality will continue with verification of other listing criteria which are not currently validated by CSD, for instance, proof of municipal account, registration with other bodies and use MBD 4 to determine if providers are employed at a municipality before an order is issued the providers name, surname and ID number will be verified against the municipality's payroll, refer to MFMA Circular No. 62.

15. Petty cash purchases

The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1) (a) of this Policy, are as follows –

(a) Petty cash should not exceed the amount of R2000.00 per transaction and should add up to total R15 000 in a month.

(b) a monthly reconciliation report from petty cash administrator 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. Deleted

17. Formal written price quotations

(1) The conditions for the procurement of goods or services through formal written price quotations up to R30 000 (Inclusive of all applicable taxes)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. the following requirements for breakdown of thresholds is applicable

0 – R15 000 (attach 3 three quotations and MBD4)

15 000 – 30 000 (attach three quotations, MBD4 and SARS tax compliance document)

(b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 13 of this Policy;

(c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and

(d) the accounting officer must record the names of the potential providers and their written quotations.
(e) Quotations up to the value of R30 000 may be invited and closing dates and time may not be more than 3 – 5 days
(f) Subjected to 2022 PPPFA Regulations all quotations will be evaluated for specific goals and the 80/20 preference point system.

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

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

A supply chain management policy must determine the procedure for the procurement of goods or services through formal written price quotations and must stipulate:-
(a) all requirements in excess of R30 000 (inclusive of all applicable taxes) 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 an municipal website and the official notice board of the municipality
(b) 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;
(c) the accounting officer or chief financial officer must take all reasonable steps to ensure that the procurement of goods and services through formal written price quotations is not abused;
(d) The accounting officer or chief financial officer must on a monthly basis be notified in writing of all formal written price quotations accepted by an official acting in terms of a sub delegation; and
(e) requirements for proper record keeping.
(f) Offers received must be evaluated on a comparative basis taking into account unconditional discounts;
(f) offers below R30 000 (all applicable taxes inclusive) must be awarded based on compliance to specifications and conditions of contract, ability, and capability to deliver the goods and services and must be awarded using the 80/20 preference points system including specific goals for preference.

(g) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;

(h) requirements for proper record keeping must be maintained at all times.

(i) Procuring goods and services in excess of R100 000 and unlimited must be reported to National Treasury on the monthly basis.

19. Competitive bids

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

(2) No requirement for goods or services above an estimated transaction value of R300 000 (all applicable taxes inclusive) 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.

20. Process for competitive bidding

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

(a) Compilation of bidding documentation as detailed in paragraph 21;

(b) Public invitation of bids as detailed in paragraph 22;

(c) Site meetings or briefing sessions as detailed in paragraph 22;

(d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;

(e) Evaluation of bids as detailed in paragraph 28;

(f) Award of contracts as detailed in paragraph 29;

(g) Administration of contracts

(i) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.

(h) Proper record keeping

(i) Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

21. Bid documentation for competitive bids

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 preference points system to be used , goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation; MBD 6.1 to be included in all bid packs with the specific goals applicable. Points allocated per goal and proof required from suppliers claiming points for specific goals.

(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 (all applicable taxes inclusive), require bidders to furnish–

(i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –

(aa) for the past three years; or

(bb) since their establishment if established during the past three years;

(ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;

(iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;

(iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and

(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.

f) Verification by the Chief Financial Officer prior to advertisement of bids above R10 million (per MFMA circular 62)- The following information must be submitted by the senior manager responsible for the Vote to the CFO prior to the public advertisement of any bids in excess of R10 million (all applicable taxes included):

(i) Proof that budgetary provision exists for procurement of the goods, services and/or infrastructure projects;

(ii) Any ancillary budgetary implications related to the bid, for example, if the project is for the acquisition of a municipal asset, does budgetary provision exist for the operation of the asset, maintenance costs relating to the asset, administration costs and rehabilitation/renewal costs;

(iii) Any multi-year budgetary implications, for example, if a project takes more than one financial year, the estimated expenditure per financial year

(iv) Contracts above the value of R10 million (all applicable taxes included) may only be awarded to the preferred bidder after the Chief Financial Officer 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

(v)The CFO will verify in writing the availability of budget before the award is finalized;

(vi)The Accounting Officer may during competitive bidding process and adjudication verify compliance with all required procurement processes.

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 a public advertisement in newspapers commonly circulating locally, or any other appropriate ways (which may include an advertisement on the E-tenders portal of National Treasury and construction bids must consecutively be advertised on CIDB i-tender portal .; 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 (Inclusive of all applicable taxes), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;

(ii) a statement that bids may only be submitted on the bid documentation provided by The municipality ;and

(iii) date, time and venue of any proposed site meetings or briefing sessions.;

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

(3) Bids submitted to the municipality must be sealed.

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

23. Procedure for handling, opening and recording of bids

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 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;

(b) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and

(d) The accounting officer must –

(i) record in a register all bids received in time;

(ii) make the register available for public inspection; and

(iii) publish the entries in the register and the bid results on the website.

24. Negotiations with preferred 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.

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) (a) 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 bid specification committee;

- a bid evaluation committee; and
- a bid adjudication committee;

(b) The accounting officer appoints the members of each committee in writing for a specific period of time, provision to appoint a secundi for a member who may not be available for a period of time is included in the policy. taking into account section 117 of the Act; and

(c) 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.

(2) The committee system must be consistent with –

(a) paragraph 27, 28 and 29 of this Policy; and

(b) any other applicable legislation.

(3)The accounting officer may apply the committee system to formal written price quotations.

27. Bid specification committees

(1)A bid specification committee must compile the specifications for each procurement of goods or services by 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 Organization, or an authority accredited or recognized 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 labeling 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 2022 and the PPPFA, Act No 5 of 2000 and RDP Whitepaper of 1994 - and

(g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.

(3) A bid specification committee must be composed of one or more officials of the municipality, preferably the manager responsible for the function involved, and may, when appropriate, include external specialist advisors. The quorum of the bid specification committee should be 50% plus one.

(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.

28. Bid evaluation committees

(1) A 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 if any municipal rates and taxes or municipal service charges owned by the bidder or any of its directors to the municipality or any other municipality or entity are in arrears for more than three months; and;

(d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

(2) A bid evaluation committee must as far as possible be composed of-

(a) officials from departments requiring the goods or services; and

(b) at least one supply chain management practitioner of the municipality

(c) The quorum of the bid evaluation committee should be 50% plus one.

29. Bid adjudication committees

(1) A bid adjudication committee must –

(a) consider the report and recommendations of the bid evaluation committee; and

(b) either –

(i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or

(ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.

(2)A bid adjudication committee must consist of at least four senior managers of the municipality which must include –

(a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and

(b) at least one senior supply chain management practitioner who is an official of the municipality and

(c) a technical expert in the relevant field who is an official, if such an expert exists.

(d) Where it is not viable for the posts in subparagraph (a) above to be filled, yet there are vacant positions, the municipality or municipal entity may consider appointing an official in an acting capacity to fulfil the role of senior manager in those instances;

(e) For those municipalities or municipal entities with less than four senior managers approved in their organogram, they may utilise senior managers from neighboring municipalities in accordance with section 88 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998); or in accordance with the provision of MFMA Government Gazette no 43281 published 05 May 2020 that exempt the municipality from Regulation 4(3) and 29(2) and

(f) 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 specific sittings of the committee.

(3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

(4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.

(5)(a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –

(i) check in respect of the preferred bidder whether that bidder’s municipal rates and taxes and municipal service charges are not in arrears for more than three months, and;

(ii) notify the accounting officer.

(b) The accounting officer may –

(i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and

(ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

(6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.

~~(8)~~(7) The accounting officer must comply with section 114 of the Act within 10 working days

~~(9)~~(8) The Bid Adjudication Committee should only consider recommendations / reports if at least sixty percent (60%) of its members are present and the composition complies with MSCM Regulation 29(2)(i)(ii) and (iii).

30. Procurement of banking services

(1) A contract for banking services –

(a) must be procured through competitive bids;

(b) must be consistent with section 7 of the Act; and

(c) may not be for a period of more than five years at a time.

(2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.

(3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). 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 –

(a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (all applicable taxes inclusive); 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 disagrees 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 KZN 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) Sub regulation (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 contract secured by a municipal entity of which it is the parent municipality and all the requirements of MFMA Circular 96 is met by the municipality when procuring using MSCM Regulation 32.

33. Procurement of goods necessitating special safety arrangements

(1) A supply chain management policy places a restriction for the acquisition and storage of goods in bulk (other than water) which necessitate special safety arrangements, including gasses and fuel.

(2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership and cost advantages for the municipality.

34. Proudly SA Campaign

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:

- Firstly – suppliers and businesses within the municipality or district;
- Secondly – suppliers and businesses within the relevant province;
- 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 (Including all applicable taxes); 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.

c) Consultants can only be appointed if a needs assessment is done (gap analyses) and requirements confirms that the requisite skills or resources is not available;

d) Adopt a fair and reasonable renumeration framework, within existing guide lines;

e) Negotiate rates and discounts;

f) Appointment on a cost and time basis;

g) Include a penalty clause for poor performance;

h) Subsistence and accommodation rates if applicable is in accordance with municipal policy.

(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 municipality should adhere to the cost containment regulations 2019.

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 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) 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 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.

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 subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with

(a) reasons as to why the bid should not be open to other competitors;

(b) an explanation of the potential benefits if the unsolicited bid were accepted; and

(c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.

(4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder to the National Treasury and Kwa-Zulu Natal 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 and Kwa-Zulu Natal Provincial Treasury.

(8) If any recommendations of the National Treasury or Kwa-Zulu Natal Provincial Treasury are rejected or not followed, the accounting officer must submit to the Auditor General, Kwa-Zulu Natal 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, favoritism, unfair or irregular practices or failure to comply with this Policy, and when justified –

(i) take appropriate steps against such official or other role player; or

(ii) report any alleged criminal conduct to the South African Police Service;

(c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;

(d) reject any bid from a bidder–

(i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality or to any other municipality or municipal entity, are in arrears for more than three months; or

(ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;

(e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;

(f) cancel a contract awarded to a person if –

(i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or

(ii) an official or other role player committed any corrupt or fraudulent act during the bidding 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 of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

(2) The accounting officer must inform the National Treasury and Kwa-Zulu Natal Provincial Treasury 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

39. Logistics management

The accounting officer must establish and implement an effective system of logistics management, which must include -

(a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;

(b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;

(c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;

(d) before payment is approved–, certification by the responsible officer –that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;

(e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;

(f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and

(g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

40. Disposal management

(1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 of the Act,:

(2) Assets may be disposed of by –

(i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;

(ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;

(iii) selling the asset; or

(iv) destroying the asset.

(1) The accounting officer must ensure that –

(a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;

(b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;

(c) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;

(d) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;

(e) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and

(f) 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.

The Disposal Management Process

For the purpose of the Disposal Management Process the Accounting Officer must ensure that the following steps are followed:

- Obsolescence planning must be affected, depreciation rates per item calculated
- A data base for all redundant assets must be compiled & maintained
- Assets to be disposed must be inspected for potential re use
- Determination for the asset disposal strategy
- When disposing of assets through procurement processes using tenders for income generating contracts the 80/20 and 90/10 preference point system for income-generating contracts must be used inclusive of specific goals.

41. Risk management

(1) The criteria for the identification, consideration, and avoidance of potential risks in the supply chain management system, are as follow

(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 proactive 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

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

Part 4: Other matters

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

(1) MFMA CIRCULAR NO. 90 requires all suppliers to be tax compliant, before a order is issued. If a supplier is not tax compliant, they must be notified and given 7 working days to verify their tax compliance status with SARS, if written proof is supplied that they are tax compliant, an SCM official must verify their status either on SARS e-filing or CSD. If not tax compliant the quotation or bid must be re-evaluated.

(2) Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.

a) 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 or municipal entity, within 7 working days, written 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 entity must verified via the CSD or e-Filing. 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. Where goods or services have been delivered satisfactorily without any dispute, 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

Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –

(a) who is in the service of the state;

(b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or

(c) a person who is an advisor or consultant contracted with the municipality.

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

The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000 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.

46. Ethical standards

(1) A code of ethical standards as set out in the "*National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management* is hereby established for officials and other role players in the supply chain management system of the municipality in order to promote –

(a) mutual trust and respect; and

(b) an environment where business can be conducted with integrity and in a fair and reasonable manner.

The code of conduct for Supply Chain Management Practitioners is as follows:

- Conflict of Interest: (Declaration of business, commercial and financial interests)
- Accountability: (For decisions and actions, scrupulous usage of public property, committing government through transactions for procurement of goods and services, recording and accounting for all transactions in an appropriate financial system)
- Openness: (regarding decisions and actions taken, provide reasons for such)
- Confidentiality: (protection of government and supplier information)
- Prevention of combative practices which are unethical and illegal

(2) An official or other role player involved in the implementation of this 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 municipality

(h) must assist the accounting officer in combating fraud, corruption, favoritism 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, favoritism 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.

47. Inducements, rewards, gifts and favours to municipality 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 subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

(3) Subparagraph (1) does not apply to gifts less than R350 in value.

(4) Officials must disclose and fill in the gifts register for received gifts of value prescribed.

48. Sponsorships

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

Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system may, within 14 days of the decision or action-

(a) if the objection or complaint is against the procurement process, submit a written objection or complaint against the decision or action to the accounting officer of the municipality who shall in turn, respond to the complainant in providing reasons for the bidder's unsuccessful bid.
(b) If the bidder is not satisfied within a period of 14 days submit his/her appeal to the Municipal Manager who shall then refer the written appeal or complaint to the independent and impartial person referred to in paragraph 50 for resolution; or

50. Resolution of Objections and Complaints against Procurement Process

(1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes to assist in the resolution of objections and complaints between the municipality and any other person regarding –

(a) the implementation of the procurement process in terms of the supply chain management system; or

(b) any matter arising from the implementation of the procurement process in terms of the supply chain management system.

(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 objections or complaints received; and
(b) submit monthly reports to the accounting officer on all such objections and complaints received, attended to or resolved.

(4) An objection or complaint may be referred to the KwaZulu-Natal Provincial Treasury if:
(a) the objection or complaint is not resolved within 60 days; or
(b) no response is forthcoming within 60 days.

(1) If the Provincial Treasury does not or cannot resolve the matter, the objection or complaint may be referred to the National Treasury for resolution.

The Okhahlamba Local Municipality has appointed (7) seven members per SCM regulation 50(2)(3)(a)(b) in the 2026-2027 financial year.

51. Contracts providing compensation based on turnover

1. If a service provider acts on behalf of 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 cap on the compensation payable to the service provider; and that such compensation must be performance based.

52. Preference for Emerging Contractors within the Jurisdiction of Okhahlamba Local Municipality

1. The Okhahlamba Local Municipality has committed itself to the development of businesses in the region owned and operated by historically disadvantaged individuals, persons with disabilities and women.
2. In addition, it is noted that there are very few contractors within the jurisdiction of the Municipality who are capable of qualifying for major contracts advertised by the Municipality due to their emerging status. In addition, the status quo of large capital projects being awarded to contractors from outside the locale has resulted in the perpetuation of the cycle of poverty as money expended in these projects is not realized and utilised within the jurisdiction Okhahlamba Municipality and does not contribute to the local economy of Okhahlamba Local Municipality.
3. Council has resolved to facilitate the empowerment and development of contractors with a CIDB grading of Grade 1, Grade 2 and Grade 3 with their principal place of business and operations within the jurisdiction of the Municipality to bid on an annual basis for projects ring fenced with a value not exceeding R 3 million, these projects would provide a platform to only local contractors to develop capacity to compete with major contractors based outside of the Municipality. CIDB Regulations and Practice Notes issued will be applied.

53. Subcontracting

1. The service provider shall notify the Municipality in writing of all subcontracts entered into in respect of any award granted where the details of any such subcontracts are not already specified in a bid, quotation, or proposal.

2. Such notification, in the original bid or later, shall not relieve the service provider from any liability or obligation under the awarded contract.

3. Service Providers who are granted construction work contracts with a project value of R 3 million or more may be required to subcontract at least 20% of the work to service providers with a CIDB grading of between 1CE and 2CE, whose principal business address is registered, and whose operations are conducted primarily within the jurisdiction of the Okhahlamba Local Municipality

54. Identification of preference point system

(1) An organ of state must, in the tender documents, stipulate—
(a) the applicable preference point system as envisaged in regulations 4, 5, 6 or 7.
(b) the specific goal in the invitation to submit the tender for which a point may be awarded, and the number of points that will be awarded to each goal, and proof of the claim for such goal.

(2) If it is unclear whether the 80/20 or 90/10 preference point system applies, an organ of state must, in the tender documents, stipulate in the case of—
(a) an invitation for tender for income-generating contracts, that either the 80/20 or 90/10 preference point system will apply and that the highest acceptable tender. will be used to determine the applicable preference point system; or
(b) any other invitation for tender, 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.
80/20 preference point system for acquisition of goods or services with Rand value. equal to or below R50 million

The following formula must be used to calculate the points out of 80 or 90 for price in respect of an invitation for a tender with a Rand value equal to or below R50 million,
inclusive of all applicable taxes:

A maximum of 80 or 90 points is allocated for price on the following basis:

80/20 **or** **90/10**

$$Ps = 80\left(1 - \frac{Pt - P\,min}{P\,min}\right) \text{ or } \qquad Ps = 90\left(1 - \frac{Pt - P\,min}{P\,min}\right)$$

Were

Ps	=	Points scored for price of tender under consideration
Pt	=	Price of tender under consideration
Pmin	=	Price of lowest acceptable tender

(2) A maximum of 20 points may be awarded to a tenderer for the specific

Goal/s specified for the tender.
(3) The points scored for the specific goal/s must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
(4) Subject to section 2(1)(f) of the Act, the contract must be awarded too the tenderer scoring the highest points.
90/10 preference point system for acquisition of goods or services with Rand value. above R50 million and.

Price of lowest acceptable tender.
(2) A maximum of 10 points may be awarded to a tenderer for the specific Goal/s specified for the tender.
(3) The points scored for the specific goal/s must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
(4) Subject to section 2(1)(f) of the Act, the contract must be awarded too the tenderer scoring the highest points.
80/20 preference points system for tenders for income-generating contracts with Rand value equal to or below R50 million

The following formula must be used to calculate the points for price in respect of an invitation for tender for income-generating contracts, with a Rand value equal
to or below R50 million, inclusive of all applicable taxes:

A maximum of 80 or 90 points is allocated for price on the following basis:

80/20 **or** **90/10**

$$\boldsymbol{Ps = 80\left(1 + \frac{Pt - P\,max}{P\,max}\right)} \text{ or } \qquad \boldsymbol{Ps = 90\left(1 + \frac{Pt - P\,max}{Pmax}\right)}$$

Were

Ps	=	Points scored for price of tender under consideration
Pt	=	Price of tender under consideration
Pmax	=	Price of highest acceptable tender

(2) A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender.
(3) The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
(4) Subject to section 2(1)(f) of the Act, the contract must be awarded too the

tenderer scoring the highest points.
90/10 preference point system for tenders for income-generating contracts with Rand value above R50 million and.

(2) A maximum of 10 points may be awarded to a tenderer for the specific goal/s specified for the tender.
(3) The points scored for the specific goal/s must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
(4) Subject to section 2(1)(f) of the Act, the contract must be awarded too the tenderer scoring the highest points.

55. Criteria for breaking deadlock in scoring

(1) If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for specific goals.
(2) If two or more tenderers score equal points in all respects, the award must be decided by the drawing of lots.

56. CANCELLATION OF TENDERS

The Accounting Officer may, prior to the award of a tender, cancel the tender if:
(a) Due to changed circumstances, there is no longer a need for the goods or services requested. AOs must
ensure that only goods or services that are required to fulfil the needs of the institution are procured; or
(b) Funds are no longer available to cover the total envisaged expenditure. AOs must ensure that the
budgetary provisions exist; or
(c) No acceptable tenders are received. If all bids received are rejected, the institution must review the reasons.
justifying the rejection and consider making revisions to the specific conditions of contract, design and
specifications, scope of the contract, or a combination of these, before inviting new bids.
(d) Due to material irregularities in the tender process. If there are material irregularities that are committed
during the tender process such that it renders the entire process unfair, the accounting officer or accounting.
authority may cancel the tender process and start afresh.

57. No Payment made to Suppliers not registered on Central Supplier Database

The Municipality will not make payment to any Service Provider, Supplier or Subcontractor unless such entity or individual is registered on the Municipality's Supplier Database and the National Treasury Central Supplier Database.

The Municipality will not accept any liability for any loss or damage that may be suffered by a Service Provider, Supplier or Subcontractor as a result of that person's/ entity's failure to be registered in the databases prescribed.

58. Equitable Distribution of work and Awards

1. In an attempt to allow for greater exposure of emerging contractors within the precincts of the Okhahlamba Local Municipality, as well as to facilitate fair competition and service provider rotation, in instances where the Municipality advertises for the submission of bids, or issues a request for quotations for the supply and delivery of goods, or rendering of any service the Municipality reserves the right to award the contract or award to the candidate with the second highest points (referred to hereinafter for purposes of this section as "The Second Bidder") in instances where:
    a. The recommended bidder has already been awarded a contract of the same or similar nature which still subsists at the date of evaluation of the contract under consideration, and
    b. The following criterion exists in respect of the following classes of contracts:
        i. For construction related goods, services and / or infrastructure projects, the prices of The Second Bidder are market related and the difference between the final price of The Second Bidder and Recommended Bidder is not greater than 20% from the lowest quoted price which would have been awarded.
        ii. For all other goods and/or services, the prices of The Second Bidder are market related and the difference between the final price of The Second Bidder and Recommended Bidder is not higher than 15% from the lowest quoted price which would have been awarded.
    c. For the purposes of this clause, the overall price of the submissions must be considered and not the prices on individual items or services submitted by the bidders.

59 Training and Skills Transfer

1. In the instance of a Service Provider providing professional consulting services, Municipal staff working in the area being serviced by the Service Provider will be identified for skills transfer and training.
2. The Service Provider is required to submit a plan detailing the work plan with set time frames and milestones, performance targets, monitoring systems, roles and responsibilities and a close out report confirming the training that was provided to the relevant Municipal Officials.

60. Time Frame for delivery of Goods

1. The time frame for delivery of goods in respect of any award for the supply and delivery of goods and materials (including such arrangements by means of a sub-contract) shall be 7 (seven) working days
2. Where the lead time, or other extenuating factors make such delivery impossible, then the Service Provider in question may in conjunction with the Municipal Manager or his delegate agree in writing to an alternative time frame.
3. The granting of such an extension is at the sole discretion of the Municipal Manager and any concession granted in this regard shall not detract from the Municipality's right to cancel the contract and appoint the next candidate form a pool of candidates or restart a procurement process as may be necessary.
4. In the case where the service provider fails to deliver on time and has not responded to three email requests, the municipality reserves the right to cancel the order.

61. Panel conditions and the selection criteria

1. Refer to Annexure A – Panel Conditions.

62. Management of expansion or variation of orders against the original contract

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. Municipal Councils of municipal are required to amend their supply chain management policies accordingly. Furthermore, anything beyond the above-mentioned thresholds must be reported to council. 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.

The Accounting Officer approves the expansion or variation orders by not more than 20% for construction-related goods, services and/or infrastructure projects; and 15% for all other goods and services of the original value.

The paragraph is not applicable to transversal term contracts, facilitated by the relevant Treasuries on behalf of municipalities and specific term contracts where orders are placed as and when commodities are required and at the time of awarding contracts, the required quantities were unknown.

63. Effective Date

This Policy take effect on July 2026

SN MALINGA
MUNICIPAL MANAGER