

ANNEXURES

PART 1

COUNCIL MEETING

30 JANUARY 2024

SWELLEN DAM MUNICIPALITY



SUPPLY CHAIN MANAGEMENT MONTHLY REPORT

December 2023

TABLE OF CONTENTS

1.	ABBREVIATIONS	3
2.	PURPOSE OF THIS POLICY.....	3
3.	LEGISLATIVE FRAMEWORK	3
4.	PROCUREMENT STATISTICS FOR THE MONTH.....	3
5.	AWARDS ABOVE R 100 000 REPORTED TO NATIONAL TREASURY	4
6.	SCM DEVIATIONS	4

1. ABBREVIATIONS

- 1.1 "SWDM" refers to Swellendam Municipality;
- 1.2 "SCM" refers to Supply Chain Management;
- 1.3 "Manager SCM" refers to the Sectional Head of the Supply Chain Management Division;
- 1.4 "CFO" refers to Director Financial Services;
- 1.5 "MFMA" means the Municipal Finance Management Act 56 of 2003;

2. PURPOSE OF THIS POLICY

- 2.1 The SCM monthly report is prepared to inform Council on key SCM monthly activities and adhere to the reporting requirements in terms of the Legislative Framework.

3. LEGISLATIVE FRAMEWORK

- 3.1 The report was prepared to take into consideration the legislative reporting requirements:
 - 3.1.1 Municipal Finance Management Act, 2003
 - 3.1.2 Municipal Supply Chain Management Regulation, 2005
 - 3.1.3 Municipal Supply Chain Management Policy, 2022

4. PROCUREMENT STATISTICS FOR THE MONTH

- 4.1 The table below provides information on the number of SCM activities for the month:

Nr.	Process description	Qty	Value
1.	No of Bid Specification Committee meetings	1	n/a
2.	No of Bid Evaluation Committee meetings	2	n/a
3.	No of Bid Adjudication meetings	3	n/a
4.	No of orders processed/placed	298	R7 042 537
5.	No of formal quotations awarded (R30 000 to R200 000)	5	R570 500
6	No of tenders awarded above R200 000	1	R5 582 244
7.	No of awards above R30 000 (CIDB)	1	R5 582 244
8.	No of contract price increases approved	-	n/a
9.	No of contracts amended i.t.o MFMA circular 62	1	R30 000
10.	No of contracts amended i.t.o s.116(3) of MFMA	-	-
11.	No of Deviations	1	R99 665
12.	No of minor breaches	-	-
13.	No of stock receipts	108	R862 548
14.	No of stock issued	543	(R529 513)
15.	No of stock disposal	-	-
16.	No of stock take	1	R5 468 290
18.	No of requests received for disposal	1	-

5. AWARDS ABOVE R 100 000 REPORTED TO NATIONAL TREASURY

5.1 Sections 74(1) and 104(1)(b) of the Municipal Finance Management Act (MFMA) prescribes the following regarding general reporting obligations:

"The accounting officer of a municipality must submit to the National Treasury, the Provincial Treasury, the Department for Local Government in the Province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required."

5.2 National Treasury per MFMA Circular No 34 issued instructions to all municipalities to report effective from 1 July 2006 per the above, to disclose all awards made for contracts above the value of R100 000.

5.3 Below is a table of the key information submitted:

Contract reference	Service provider/ Supplier	Contract Description	Total value of contract	Duration of Contract	B-BBEE Status
SMQ23-23-24	FG Uniforms CC	Supply and Delivery of Traffic & Law Enforcement Uniform for a One (1) Year Period	R124 879,75	12 months	1
SMQ24-23-24	Power Transformers (Pty) Ltd	Repair and Maintenance of 100kVa and 300kVa Transformers	R164 842,60	12 months	2
SMQ29/23/24	TH Augustyn (Pty) Ltd	Transport of Purified Water within Swellendam Municipality	R124 910,00	12 months	Non-compliant
SMT07/23/24	Maxal Projects SA (Pty)Ltd	Supply, Installation, Commissioning and Maintenance of Chlorination System at WTW and WWTW for a 3-year period	R5 582 243,75	36 months	3

Note: Contract amounts up to R50 million the 80/20 preference points applied.
Contracts amounts above R50 million the 90/10 preference points applied.

6. SCM DEVIATIONS

6.1 Section 36(2) of the Supply Chain Management Regulation prescribes the following regarding deviation from and ratification of minor breaches of the procurement process:

"The accounting officer must record the reasons for any deviation in terms of sub-delegation (1)(a) and (b) and report them to the next meeting of the council"

6.2 The number of deviations approved during December 2023 is indicated in the table below:

Nr	SCM Regulation	Nr	Amount
1.	SCM Regulation 16(c) & 17(c) where three (3) quotations could not be obtained;	8	R329 096
2.	SCM Regulation 36(1)(a)(i) dispensing of the official procurement process in the case of an emergency;	-	-
3.	SCM Regulation 36(1)(a)(iii) where goods or services are available from a sole supplier;	-	-
4.	SCM Regulation 36(1)(a)(iii) applies to the acquisition of special works of art or historical objects;	-	-
5.	SCM Regulation 36(1)(a)(iv) acquisition of animals for zoos;	-	-
6.	SCM Regulation 36(1)(a)(v) in exceptional cases where it is impartial or impossible to follow the process;	1	R99 665
7.	SCM Regulation 36(1)(b) is applicable where the accounts officer can verify minor breaches;	-	-

6.3 The reasons for the deviations above are as follows:

6.3.1 Verbal and formal quotations, section 16(c) and 17(c) of the SCM regulation:

Date Requested	Supplier	Quotation Details	Amount	Approved Date	Directorate	Reasons
28-Nov-23	ACTOM	600 x 2,5mm Twin Illumination E W13 @R15,90 ea	R 10 971,00	04-Dec-23	Financial Services	Bidders were invited however only two quotes were received,
28-Nov-23	Lesepco Construction	Pressure wash of roof and cleaning of gutters at Buffeljagsrivier Library	R 4 500,00	04-Dec-23	Community Service	Bidders were invited however only one quote was received,
03-Dec-23	Power Transformers (Pty) Ltd	Repair and Maintenance of 100kVa and 300kVa Transformer	R 164 842,60	19-Dec-23	Infrastructure	Bidders were invited and the bid doc was distributed to Seven other bidders, however, only two quotes were received.
04-Dec-23	Swellen Konstruksie	Sny & verwydering van gras (Klip WWTW)	R 4 500,00	07-Dec-23	Infrastructure	Bidders were invited however only two quotes were received,
05-Dec-23	T H Augustyn	Transport of purified water within Swellendam Municipality	R 124 910,00	19-Dec-23	Infrastructure	Bidders were invited and the bid doc was distributed to Seven other bidders, however, only one quote was received.
06-Dec-23	LSL Enterprise	Gedeeltelike skoonmaak, sny en verwyding van gras, bome en alle rommel	R 2 450,00	11-Dec-23	Community Service	Bidders were invited however only two quotes were received,
07-Dec-23	PEP Stores	Christmas gift packs	R 3 922,23	08-Dec-23	MM	Bidders were invited however only two quotes were received,
12-Dec-23	Karel Mokate	Toeboou, sweis en instaleer van hek by Railton sortgronde Oakstr Swellendam	R 13 000,00	12-Dec-23	Community Service	Bidders were invited however only two quotes were received,

6.3.2 In exceptional cases where it is impractical or impossible to follow the official procurement process, section 36

Date	Supplier	Details	Amount	Dir	Dept	Reason	Type
06-Dec-23	MC Electrical	Supply and installation of electrical equipment/components at the Swellendam Municipality	R99 665,31	COM	LIBRARY	MC Electrical did the design and installation of the electrical installation at the library. The municipality do not have the integrate knowledge of the damage and infrastructure to formulate a specification document for a formal quotation process. The municipality would have to consult with MC Electrical to draft the specification. The municipality could potentially cause significant harm on other components and infrastructure, should another contractor be considered, as they would have to go through a testing process to determine whether the correct items were replaced. Should a new contractor be used, the municipality would have to consider additional costs for preparation and inspections for a new certificate of compliance (CoC) to be issued. The current CoC was issued by MC Electrical, which they can confirm once repairs/replacement were done,	36(1)(a)(v) - Impractical or Impossible

6.4 The below table contains details of awards made to close family members of employees who are in the services of the state, section 45 of the SCM regulation for any award above R2000.

Nr	Supplier	Family member	Relationship	Institution	Amount
1.	Durcharme Consulting	L.Mbekeni	Wife	Dept of Rural Development and Land Reform	R44 672
2.	Hein's Auto Electrical	J. de Jager	Brother	Swellendam Mun	R31 766
3.	Jarsiem Carelse	W. Carelse	Son	Swellendam Mun	R7 110
4.	Kemanzi (Pty) Ltd	J. du Toit	Wife	Dept of Education	R75 443
5.	LSL Enterprises	G. Lebazi	Sister	Swellendam Mun	R2 450
6.	Swellendam Bestuurskool (Pty) Ltd	R. Blauw	Son	Dept. of Education	R4 500
7.	AH Windvogel	R. Windvogel	Mother	Parliament	R18 000
Total					R221 291

- 6.5 The below table contains details of any incidents of an inducement, rewards, gifts and favours made to the municipality, employee or any other role player, in terms of section 47 of the SCM regulation:

Directorate	Report on Gifts
Office of the Municipal Manager	None
Financial Services	None
Corporate Services	None
Infrastructure Services	None
Community Services	None

- 6.6 The table below contains details of any tender other than the one recommended in the normal course of implementing the supply chain management policy was approved, section 114 of the SCM regulation:

Directorate	Tender Recommended	Tender Awarded
Office of the Municipal Manager	None	None
Financial Services	None	None
Corporate Services	None	None
Infrastructure Services	None	None
Community Services	None	None

NATIONAL TREASURY**NO. 4198****14 December 2023****LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003 -
AMENDMENTS TO REGULATIONS REGARDING SUPPLY CHAIN MANAGEMENT**

The Minister of Finance has, acting with concurrence of the Minister of Cooperative Governance and Traditional Affairs, in terms of section 168(1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), made amendments to the Regulations published under General Notice No. 868 of 30 May 2005, as amended by Government Notice No. R.31 of 20 January 2017, regarding supply chain management, as set out in the Schedule.

SCHEDULE**Amendment of regulation 1 of the Regulations**

1. Regulation 1 of the Regulations is hereby amended by the deletion of the definition of "written or verbal quotations".

Amendment of regulation 12 of the Regulations

2. Regulation 12 of the Regulations is hereby amended—
 - (a) by the deletion of paragraph (b) of subregulation (1);
 - (b) by the substitution for paragraphs (c) and (d) of subregulation (1) of the following paragraphs:
 - "(c) formal written price quotations for procurement of a transaction value over—
 - (i) R2000 up to R300 000 (VAT included), in the case of a local municipality;
 - (ii) R2000 up to R200 000 (VAT included), in the case of a district municipality;
 - (iii) R2000 up to R750 000 (VAT included), in the case of a metropolitan municipality; and
 - (d) a competitive bidding process for—
 - (i) procurement above a transaction value of R300 000 (VAT included), in the case of a local municipality;
 - (ii) procurement above a transaction value of R200 000 (VAT included), in the case of a district municipality; and
 - (iii) procurement above a transaction value of R750 000 (VAT included), in the case of a metropolitan municipality.";
 - (c) by the deletion of subparagraph (i) of paragraph (b) of subregulation (2); and
 - (d) by the substitution for subparagraph (iii) of paragraph (b) of subregulation (2) of the following subparagraph:
 - "(iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than the competitive bidding thresholds specified in subregulation (1)(c)(i) to (iii)."

Amendment of regulation 14 of the Regulations

3. Regulation 14 of the Regulations is hereby amended by the substitution for subparagraph (i) of paragraph (a) of subregulation (1) of the following subparagraph:
- “(i) to keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements of the municipality or municipal entity through formal written price quotations;”.

Deletion of regulation 16 of the Regulations

4. Regulation 16 is hereby deleted.

Amendment of regulation 18 of the Regulations

5. Regulation 18 of the Regulations is hereby amended—
- (a) by the substitution for the heading of the following heading:
“**Procedures for procuring goods or services through formal written price quotations**”;
- (b) by the substitution for the words preceding paragraph (a) of the following words:
“A supply chain management policy must determine the procedure for the procurement of goods or services through formal written formal written price quotations, and must stipulate—”; and
- (c) by the substitution for paragraph (c) and (d) of the following paragraphs:
“(c) that the accounting officer must take all reasonable steps to ensure that the procurement of goods and services through formal written price quotations is not abused;”; and
(d) that 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 subdelegation; and”.

Substitution of regulation 19 of the Regulations

6. Regulation 19 of the Regulations is hereby substituted for the following regulation:
“A supply chain management policy must specify—
- (a) that goods or services above a transaction value of—
(i) R300 000 (VAT included), in the case of a local municipality;
(ii) R200 000 (VAT included), in the case of a district municipality; and
(iii) R750 000 (VAT included), in the case of a metropolitan municipality,
may be procured by the municipality or municipal entity only through a competitive bidding process, subject to regulation 11(2); and
- (b) that no requirement for goods or services above an estimated transaction value of—
(i) R300 000 (VAT included), in the case of a local municipality;
(ii) R200 000 (VAT included), in the case of a district municipality; and
(iii) R750 000 (VAT included), in the case of a metropolitan municipality,
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.”.

Amendment of regulation 35 of the Regulations

7. Regulation 35 of the regulations is hereby amended by the substitution for subregulations (1) and (2) of the following subregulations:
- “(1) A supply chain management policy may allow the accounting officer to procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurement is made.
 - (2) A contract for the provision of consultancy services to a municipality or municipal entity must be procured through competitive bids if—
 - (a) the value of the contract exceeds—
 - (i) R300 000 (VAT included), in the case of a local municipality;
 - (ii) R200 000 (VAT included), in the case of a district municipality;
 - or
 - (iii) R750 000 (VAT included), in the case of a metropolitan municipality; or
 - (b) the period of the contract exceeds one year.”.

Commencement

8. These Regulations take effect on the date of publication in the *Gazette*.

2023



PREFERENTIAL PROCUREMENT POLICY

2023/2024

Adopted by Council on by resolution item:

PREFERENTIAL PROCUREMENT

1. Where this policy does not provide for a matter regulated by the Preferential Procurement Regulations, 2022 the provisions of the regulations will prevail in respect of a "tender" as defined in the regulations.
2. The following procurement strategies are addressed in this Section:
 - (a) The application of a preference point system for the specified goals envisaged in Section 2(1)(d) and (e) of the PPPFA, through B-BBEE Contributors and locality.
 - (b) The unbundling of large projects, where appropriate, into smaller contracts to ensure that a spread of opportunities is made available to suppliers of various sizes.
 - (c) The use of functionality/quality, where appropriate, in procurement processes to ensure that goods supplied are fit for purpose, or that a minimum level of experience and competence in respect of suppliers is attained.
 - (d) The increase of employment opportunities by encouraging the use of labour-intensive technologies.
 - (e) Continue to redress the skewed employment and ownership patterns in the greater municipal area.
 - (f) Achieve the above by providing procurement and employment opportunities to B-BBEE- and SMME- enterprises and disadvantaged individuals and communities.
 - (g) Enable local- and socio-economic transformation objectives to be linked to fair, transparent, equitable, competitive, and cost-effective procurement practices that will encourage the entry of emerging business into the municipal area.
 - (h) The targeting of labour and/or enterprises from specific areas within the boundaries of the municipal area.
3. Preferential procurement is further enhanced by provisions aimed at improved access to information, simplification of documentation, reduced performance guarantee requirements, reduced retention, reduced payment cycles in accordance with this Policy and good governance.

Aim

4. The aim of this Policy is to give effect to, and to ensure compliance with, all applicable legislation and national directives in respect of preferential procurement and B-BBEE.

Performance Management

5. The level of B-BBEE contribution and localisation achieved by the Municipality through the application of this policy will be monitored in terms of the supply chain management performance management system.

Preferential Procurement System - Key Principles

6. The key principles of this system are:
 - (a) the application of an 80/20 preference point system for procurement (competitive bids or quotations) with a Rand value of greater than R2 000 but less than or equal to R50 000 000;
 - (b) the application of a 90/10 preference point system for procurement (competitive bids) with a Rand value greater than R50 000 000;
 - (c) if it is unclear which preference point system will be applicable, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system;
 - (d) that bids may be declared non-responsive if:
 - (i) they fail to meet any special condition of tender if stipulated in the bid documents;
 - (ii) they fail to meet objective criteria as prescribed by Section 2(1)(f) of the PPPFA; or
 - (iii) they fail to achieve a minimum qualifying score for functionality (quality) if indicated in the bid documents.
7. The preference point system shall be used in the evaluation of responsive bids for the purposes of determining preferred/recommended bidders, and for the adjudication thereof.

Planning and Stipulation of Preference Point System

8. Prior to embarking on any procurement process, the responsible end user must properly plan for, and, as far as possible, accurately estimate the cost of the goods, services or construction works for which bids are to be invited.
9. The Bid Specification Committee shall, immediately prior to advertising, determine the appropriate preference point system to be used in the evaluation and adjudication of bids, and shall ensure that such is clearly stipulated in the bid documentation.

Evaluation of Bids on Functionality (Quality)

10. Functionality (otherwise known as quality) may be included in the bid evaluation process as a qualifying (eligibility) criterion.
11. If a bid is to be evaluated on functionality, this must be clearly stated in the bid documentation.
12. The evaluation criteria for measuring functionality must be objective.
13. The following must be clearly stipulated in the bid document when evaluating bids on functionality the:
 - (a) evaluation criteria for measuring functionality;
 - (b) the points for each criterion and, if any, each sub-criterion; and
 - (c) the minimum qualifying score for functionality rounded off to the nearest two decimal places (if applicable).
14. The minimum qualifying score for functionality for a tender to be responsive must be determined separately for each tender. The norm for the minimum qualifying score for functionality shall be 60% of the total possible score. For more specialised or complex tenders the minimum score may, at the discretion of the Bid Specification Committee, be increased to up to 70% of the total possible score. The setting of a minimum score any higher than 70% of the total possible score must be motivated to, and approved by, the Manager: Supply Chain Management prior to use and must not be unreasonably restrictive.
15. If a bid fails to achieve the minimum qualifying score for functionality as indicated in the bid document, it must be regarded as non-responsive, and be rejected (not considered any further in the evaluation process).

16. Bids that have achieved the minimum score for functionality, and passed any other responsiveness tests, must be evaluated further in terms of the preference point system prescribed below.

Evaluation and Adjudication of Bids

17. An 80/20 preference point system is stipulated for bids with a Rand value of greater than R2 000, but less than or equal to R50 000 000, and a 90/10 preference point system of procurement with a Rand value of greater than R50 000 000. If it is unclear which preference point system will be applicable, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system.
18. This means that either 80 or 90 points, depending on the Rand value of the bid, will be awarded to the person who offers the lowest price, and proportionately fewer points are awarded to those with higher prices. Either 20 or 10 points are then available as preference points for goals envisaged in Section 2(1)(d) and (e) of the PPPFA.
19. Irrespective of the preference point system used, the following will be applicable:
 - (a) Points for preference may be awarded to bidders having attained a B-BBEE status level of contributor and/or for goals envisaged in Section 2(1)(d) and (e) of the PPPFA.
 - (b) A tenderer failing to submit proof of B-BBEE status level of contributor or is a non-compliant contributor to B-BBEE may not be disqualified but may only score points for price and must be awarded zero points for preference.
 - (c) The points for preference scored by a bidder must be added to the points for price scored, to obtain the total number of adjudication points scored for each responsive bid. The points scored must be rounded off to the nearest two decimal places (if applicable).
 - (d) Subject to Section 2(1)(f) of the PPPFA, the contract must be awarded to (and/or order placed with) the bidder that scores the highest total number of adjudication points.
 - (e) If the price offered by a tenderer scoring the highest points is not market related, the Municipality may not award the contract to that tenderer, prior to:
 - (i) negotiating a market related price with the tenderer scoring the highest points or cancel the tender;
 - (ii) if the tenderer does not agree to a market related price, negotiate a market related price with the tenderer scoring the second highest points;

- (iii) if the tenderer scoring the second highest points does not agree to a market related price, negotiate a market related price with the tenderer scoring the third highest points; and
 - (iv) apply the foregoing principles to all formal written price quotations subject to the approval of Manager: Supply Chain Management or his delegated official.
20. If a market-related price is not agreed as envisaged in Section 19(e), the Municipality must cancel the tender.
21. The criteria applicable to break any deadlock where tenderers score the equal number of points will be as follows:
- (a) The contract must be awarded to the tenderer that scored the highest points for B-BBEE.
 - (b) If functionality is part of the evaluation process and two or more tenderers score equal total points and equal preference points for B-BBEE, the contract must be awarded to the tenderer that scored the highest points for functionality.
 - (c) If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.
22. The remedies for any breach detected for the submission of any false information by a bidder are as follows:
- (a) Inform the tenderer accordingly and give the tenderer an opportunity to make representations within 14 days as to why the tender may not be disqualified or, if the tender has already been awarded to the tenderer, the contract should not be terminated in whole or in part.
 - (b) After considering the representations, the municipality may, if it concludes that such information is false disqualify the tenderer or terminate the contract in whole or in part; and if applicable, claim damages from the tenderer.

Cancellation of Bids

23. The Municipality may cancel bids before the award of a bid as follows:
- (a) Due to changed circumstances, there is no longer a need for the goods or services specified in the invitation;
 - (b) Funds are no longer available to cover the total envisaged expenditure;
 - (c) No acceptable tender is received;

(d) There is a material irregularity in the tender process; or

(e) The validity period of the tender has lapsed.

24. The decision to cancel a tender invitation must be published in the same way the original tender invitation was advertised.

The Preference Point System for the Procurement (Acquisition) of Goods, Services or Construction Works

25. The following formula must be used to calculate the points out of 80 for price in respect of bids (including price quotations) with a Rand value of greater than R2 000 and up to a Rand value of R50 000 000 (all applicable taxes included):

$$P_s = 80 \frac{[1 - (P_t - P_{min})]}{P_{min}}$$

Where :

P_s = Points scored for price of the bid under consideration;

P_t = Price (corrected, if applicable, inclusive of VAT) of the bid under consideration;
and

P_{min} = Price (corrected, if applicable, inclusive of VAT) of lowest responsive bid.

26. The 90/10 Preference Point System for the Procurement (Acquisition) of Goods, Services or Construction Works with a Rand Value above R50 000 000. The following formula must be used to calculate the points for price in respect of bids with a Rand value above R50 000 000 (all applicable taxes included):

$$P_s = 90 \frac{[1 - (P_t - P_{min})]}{P_{min}}$$

Where :

P_s = Points scored for price of the bid under consideration;

P_t = Price (corrected, if applicable, inclusive of VAT) of the bid under consideration;
and

P_{min} = Price (corrected, if applicable, inclusive of VAT) of lowest responsive bid.

27. 80/20 preference points system for tenders for income-generating contracts with Rand value equal to or below R50 million 1) 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:

$$P_s = 80 \frac{[1 + (P_t - P_{max})]}{P_{max}}$$

a)

Where

Ps = Points scored for price of tender under consideration.

Pt = Price of tender under consideration; and

Pmax = Price of highest acceptable tender

28. A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender.

29. 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.

30. Subject to Section 2(1)(f) of the PPPFA, the contract must be awarded to the tenderer scoring the highest points.

31. 90/10 preference point system for tenders for income-generating contracts with Rand value above R50 million. The following formula must be used to calculate the points for price in respect of a tender for in-come-generating contracts, with a Rand value above R50 million, inclusive of all applicable taxes:

$$Ps = 90 \frac{[1 + (Pt - Pmax)]}{Pmax}$$

Where :

Ps = Points scored for price of the bid under consideration;

Pt = Price (corrected, if applicable, inclusive of VAT)) of the bid under consideration;

and

Pmax = Price (corrected, if applicable, inclusive of VAT)) of lowest responsive bid.

32. A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender.

33. 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.

34. Subject to Section 2(1)(f) of the PPPFA, the contract must be awarded to the tenderer scoring the highest points.

35. The tendering conditions will stipulate the specific goals, as contemplated in Section 2(1)(d)(ii) of the PPPFA, be attained.

36. A maximum of 20 points (80/20 preference points system) or 10 (90/10) preference points system), will be allocated for specific goals. These goals are:

- (a) contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender or disability.

- (b) the promotion of enterprises located in the local area (phased in approach to be applied for other RDP goals)

37. In respect of Section 36(a), 50% of the 20/10 points will be allocated to promote B-BBEE and points will be allocated in terms of the B-BBEE scorecard as follows:

BBBEE Level	80/20	50%	90/10	50%
1	20	10	10	5
2	18	9	9	4,5
3	14	7	6	3
4	12	6	5	2,5
5	8	4	4	2
6	6	3	3	1,5
7	4	2	2	1
8	2	1	1	0,5
Non-compliant	0	0	0	0

38. A tenderer must submit proof of its BBBEE status level contributor.
39. A tenderer failing to submit proof of B-BBEE status level of contributor or is a non-compliant contributor to B-BBEE may not be disqualified, but-
- (a) may only score points for price; and
 - (b) scores 0 points for B-BBEE status level of contributor, which is in line with Section 2(1)(d)(i) of the Act, where the supplier or service provider did not provide proof thereof.
40. In respect of paragraph 36(b), 50% of the 20/10 points will be allocated to promote locality, and points will be allocated as follows:

Local area of supplier	Number of Points for Preference	
	80/20	90/10
Within the boundaries of the Swellendam municipality	10	5
Within the boundaries of the Overberg District	4	2
Within the boundaries of the Western Cape	2	1
Outside of the boundaries of the Western Cape	0	0

41. A tenderer failing to submit proof of required evidence to claim preferences for other specified goals, which is in line with Section 2(1)(d)(ii) of the PPPFA:
- (a) may not be disqualified; and
 - (b) scores 0 points out of 10/5 of the relevant specific goals where the supplier or service provider did not stipulate.

42. The preference points scored by a tenderer must be added to the points scored for price.
43. The points scored must be rounded off to the nearest two decimal places.
44. The contract must be awarded to the tenderer scoring the highest points, subject to Section 2(1)(f) of the PPPFA.

Evidence of B-BBEE Status Level

45. To qualify for preference points in terms of this policy, bidders must submit documentary proof of their B-BBEE level of contribution in accordance with the applicable codes of good practise as specified in the tender documents.
46. The submission of such documentary proof must comply with the requirements of instructions in accordance with notices published by the Department of Trade and Industry in the Government Gazette.
47. Bidders who fail to submit the required documentary proof, or certified copies thereof, will be deemed to be non-compliant contributors.
48. Where specific sector charters have been gazetted in terms of the B-BBEE Act, bid documentation for procurement from within such sectors, may specify that only bidders verified, or who are Exempted Micro Enterprises or Qualifying Small Enterprises, in terms of the particular sector charter (or Code of Good Practice), will qualify for a preference. A status level of contributor in respect of generic Codes of Good Practice will not, in such circumstances, qualify for any preference.
49. Where no specific sector charter has been gazetted, the gazetted generic Codes of Good Practice will be applicable to all bidders to qualify for a preference.
50. For the purposes of transparency, bidders shall be required to indicate, in their bid submission, their B-BBEE status level of contribution.
51. Notwithstanding what is contained in the bid submission, preference points may be allocated during the bid evaluation process in accordance with the verified B-BBEE status level (or deemed status level) of contributor as at the closing date of the bid.

Conditions Relating to the Granting of Preferences

52. Bidders must, in the manner stipulated in the bid documentation, declare that:
 - (a) the information provided is true and correct;
 - (b) the signatory to the bid document is duly authorised; and

- (c) documentary proof regarding any bidding issue will, when required, be submitted to the satisfaction of the Municipality.
53. Only bidders who have completed and signed the necessary declarations may be considered for the granting of preference points.
54. The Bid Evaluation Committee must, when calculating prices, consider any discounts which have been offered unconditionally.
55. A discount which has been offered conditionally must, despite not being taken into account for evaluation purposes, be implemented when payment is effected.
56. A trust, joint venture or co-operative will qualify for preference points for their B-BBEE status level of contributor as a legal entity, provided that the entity has submitted its verified B-BBEE status level certificate (or certified copy thereof) to the Municipality.
57. A trust or joint venture will qualify for preference points for their B-BBEE status level as an unincorporated entity, provided that the entity has submitted its consolidated B-BBEE scorecard as if it is a group structure and that such a consolidated B-BBEE scorecard is prepared for every separate bid. The consolidated B-BBEE scorecard must be submitted in the form of a certificate issued by an accredited verification agency (or a certified copy thereof).
58. A bidder may not be awarded points for B-BBEE status level of contributor if the bid documents indicate that such a bidder intends sub-contracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the bidder qualifies for, unless the intended sub-contractor is an EME that has the capability and ability to execute the sub-contract.
59. A person awarded a contract may not sub-contract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level of contributor than the person concerned, unless the contract is sub-contracted to an EME that has the capability and ability to execute the sub-contract. Compliance with this particular requirement must be monitored by the end user during the execution of the contract.
60. A person awarded a contract may only enter into a subcontracting arrangement with the approval of the Municipality.
61. If a service is required that can only be provided by tertiary institutions, such services may be procured through a bidding process from the identified tertiary institutions. The tertiary institutions must submit their B-BBEE status in terms of the specialized scorecard contained in the B-BBEE Codes of Good Practice.

62. If a service is required that can be provided by one or more public entities and enterprises from the private sector, the appointment of a supplier must be done by means of a competitive bidding process. Public entities must submit their B-BBEE status in terms of the specialized scorecard contained in the gazetted B-BBEE Codes of Good Practice.

Other Specific Goals

Unbundling Strategies

63. To encourage increased participation and the sustainable growth of the small business sector, the unbundling of larger projects into smaller, more manageable, contracts are encouraged.
64. Unbundling must however be considered in the context of:
- (a) economies of scale being lost;
 - (b) abortive work becoming necessary;
 - (c) additional demands (not only financial) being placed on the Municipality's resources; and
 - (d) the risk of later phases not being completed because of budget cuts becoming necessary in the future.
65. Unbundling, and all its associated implications, must therefore be carefully considered at the planning stage of any project, and the budgets for, and design thereof, should be structured accordingly.
66. It is important to note that while it is the Municipality's policy to procure goods, services or construction works in the smallest practicable quantities, the practice of parcelling such procurement to avoid complying with the requirements of the different range of procurement processes described in this policy is not permitted.
67. Unbundling strategies can be afforded to the full spectrum of businesses, from those operating as labour only contractors to those operating as prime contractors. Some of these strategies can be summarised as follows:
- (a) Providing third-party management support to enterprises which are not capable of operating as prime contractors.
 - (b) Providing training to new entrants.
 - (c) Promoting learner-ships, internships, pupil-ships, etc.

- (d) Obliging main contractors or service providers to engage targeted enterprises in the performance of their contracts incorporating resource specifications.
- (e) Foster joint ventures that are formed between large businesses and targeted enterprises (*termed as Structured Joint Ventures*).
- (f) Encourage and involve funding institutions to assist small businesses with access to finance and negotiate for credit lines.
- (g) Encourage local manufacturing and procurement from small businesses within the municipal area.
- (h) Unbundling of big projects and identifying opportunities and areas/scope of works that can be carried out by emerging contractors bar those from the main assignment shall be pursued vigorously.

Increasing Employment Opportunities

- 68. One of the Municipality's key socio-economic objectives is to facilitate the creation of employment for the people within the municipal area.
- 69. Increasing employment opportunities through procurement may be achieved by specifying labour intensive technologies and/or methods of construction in the bid documents.
- 70. It is up to end users to thoroughly investigate the options available in the above regard, to evaluate the positive versus negative impact of any proposals, and to specify labour intensive technologies and/or methods where appropriate.
- 71. All labour earning less than a threshold wage, determined in accordance with National Guidelines, that is employed for the provision of services or construction works for the Municipality, shall be reported in the prescribed format, monthly, to the Municipal EPWP Unit.

Targeted Labour and/or Targeted Enterprises

- 72. The targeting of labour and/or enterprises from specific areas within the boundaries of the Municipal area may be achieved, where appropriate, by specifying in the bid documents, a minimum level of participation (a contract participation goal) that must be achieved in respect of targeted labour and/or targeted enterprises in the performance of the contract.
- 73. Specified contract participation goals must be measurable and achievable, and the performance in respect of which must be monitored by the end users during the execution of the contract.

74. Where a minimum contract participation goal has been specified in respect of targeted labour and/or enterprises, the supplier is obliged to meet that goal, and must be penalised if he or she does not.
75. Contract participation goals in respect of targeted labour and/or enterprises may not be introduced into the preference point system used for the evaluation of bids.

CSI – Corporate Social Investment

76. Corporate social investment (CSI) is defined as contributions (either employee time and/or resources) that bring benefits over and above those directly associated with the Municipal core business activities.
77. Depending on the principles of fairness and cost-effectiveness, the relevant commodity required, and the profile of the supply industry, the Municipality may require that specific CSI contributions are made in line with the Municipal Grant-in-Aid Policy.
78. The suppliers shall be expected to indicate or provide an outline of socio-economic projects to be implemented through its CSI in the Swellendam Municipal area. Proposed projects must be measurable with a specific focus on vulnerable groups. Bidders can suggest or explore the following socio-economic project practices for consideration:
- (a) On-the-job training and development of staff (learnerships), particularly for the unemployed or young people including the recruitment of long-term job seekers and handicapped people;
 - (b) Young women/mother's upliftment/leadership programme;
 - (c) Skills development initiatives (technical and soft skills) must be accredited with recognised institutions;
 - (d) Youth leadership and empowerment projects;
 - (e) Early childhood development;
 - (f) Projects can be in collaboration with local CBO's, NGO's and relevant institutions;
 - (g) Business skills and enterprise support including mentoring of local enterprises; and/or
 - (h) Development of Parks and open spaces.
79. It is specifically recorded that NO CSI financial contributions will be required or accepted.

80. The Municipality will adopt a uniform standard in acknowledging, monitoring and reporting on CSI contributions.

Remedies

Actions in Respect of Fraud

81. The Municipal Manager will act against a bidder or person awarded the contract upon detecting that the B-BBEE status level of contribution has been indicated or obtained on a fraudulent basis in terms of SCM Reg 38 relating to the Abuse of this Supply Chain Management System.

Actions in Regard to Non-performance

82. Contractual penalties will be applicable to breaches of the contractual conditions relating to preferential procurement that were found to be committed.
83. If a successful bidder sub-contracts a portion of the tender to another person without making such disclosure and obtaining approval from the Municipality, a penalty of up to 10% of the value of the contract will be imposed.



Supply Chain Management Policy

Adopted by Council on 31 May 2023

A76/31/05/2023

Implementation 1 July 2023

TABLE OF CONTENTS

1. DEFINITIONS	45
SUPPLY CHAIN MANAGEMENT FRAMEWORK AND PRINCIPLES	67
2. SUPPLY CHAIN MANAGEMENT POLICIES	67
3. ADOPTION AND AMENDMENT OF SUPPLY CHAIN MANAGEMENT POLICIES	89
4. DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES	940
5. SUB-DELEGATIONS	940
6. OVERSIGHT ROLE OF COUNCIL OF SWELLEN DAM MUNICIPALITY	1041
7. SUPPLY CHAIN MANAGEMENT UNITS	1142
8. TRAINING OF SUPPLY CHAIN MANAGEMENT OFFICIALS	1142
CHAPTER 2 – SUPPLY CHAIN MANAGEMENT POLICY FRAMEWORK	1142
9. FORMAT OF SUPPLY CHAIN MANAGEMENT POLICY	1142
PART 1 – DEMAND MANAGEMENT	1243
10. SYSTEM OF DEMAND MANAGEMENT	1243
PART 2 – ACQUISITION MANAGEMENT	1243
11. SYSTEM OF ACQUISITION MANAGEMENT	1243
12. RANGE OF PROCUREMENT PROCESSES	1344
13. GENERAL PRECONDITIONS FOR CONSIDERATION OF WRITTEN QUOTATIONS OR BIDS	1445
14. LIST OF ACCREDITED PROSPECTIVE PROVIDERS	1546
15. PETTY CASH PURCHASES	1546
16. FORMAL WRITTEN PRICE QUOTATION	1646
17. PROCEDURES FOR PROCURING GOODS OR SERVICES THROUGH FORMAL WRITTEN PRICE QUOTATIONS	1747
18. COMPETITIVE BIDS	17
19. PROCESS FOR COMPETITIVE BIDDING	1848
21. PUBLIC INVITATION FOR COMPETITIVE BIDS	2020

22. PROCEDURE FOR HANDLING, OPENING AND RECORDING OF BIDS.....	2121
23. NEGOTIATIONS WITH PREFERRED BIDDERS	2222
24. TWO-STAGE BIDDING PROCESS.....	2222
25. COMMITTEE SYSTEM FOR COMPETITIVE BIDS.....	22
26. BID SPECIFICATION COMMITTEES	2323
27. BID EVALUATION COMMITTEES	2424
28. BID ADJUDICATION COMMITTEE.....	2525
29. PROCUREMENT OF BANKING SERVICE.....	2626
30. PROCUREMENT OF IT RELATED GOODS OR SERVICES.....	26
31. PROCUREMENT OF GOODS AND SERVICES UNDER CONTRACTS SECURED BY OTHER ORGANS OF STATE.....	2727
32. PROCUREMENT OF GOODS NECESSITATING SPECIAL SAFETY ARRANGEMENTS	2828
33. PROUDLY SA CAMPAIGN AND LOCAL PRODUCTION AND CONTENT.....	2828
34. APPOINTMENT OF CONSULTANTS.....	2828
35. DEVIATION FROM AND RATIFICATION OF MINOR BREACHES OF PROCUREMENT PROCESSES.....	2929
36. UNSOLICITED BIDS	3030
37. COMBATING OF ABUSE OF SUPPLY CHAIN MANAGEMENT SYSTEM	3131
PART 3 – LOGISTICS, DISPOSAL, RISK AND PERFORMANCE MANAGEMENT	3323
38. LOGISTICS MANAGEMENT.....	3323
39. DISPOSAL MANAGEMENT.....	3323
40. RISK MANAGEMENT.....	3424
41. PERFORMANCE MANAGEMENT.....	34
PART 4 - OTHER MATTERS	3525
42. PROHIBITION ON AWARDS TO PERSONS WHOSE TAX MATTERS ARE NOT IN ORDER.....	3525
43. PROHIBITION ON AWARDS TO PERSONS IN THE SERVICE OF THE STATE	3525

44. AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE	35
45. ETHICAL STANDARDS	36
46. INDUCEMENTS, REWARDS, GIFTS AND FAVOURS TO MUNICIPALITIES, MUNICIPAL ENTITIES, OFFICIALS AND OTHER ROLE PLAYERS	38
47. SPONSORSHIP	38
48. OBJECTIONS AND COMPLAINTS	38
49. RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES	39
50. CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER	40
51. PREFERENTIAL PROCUREMENT	40
52. REVIEW	56
53. DOCUMENT DEFINITION	56

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1. DEFINITIONS

In this Policy, any word or expression to which a meaning has been assigned in the MFMA, PPPFA and the SCM Regulations has that meaning, unless the context indicates otherwise:

- 1.1. **"Adjudication points"**: means the points referred to in the Preferential Procurement Regulations, 2022 and the Preferential Procurement [section of this policy](#) Policy also referred to as "evaluation points".
- 1.2. **"Bidder"**: means any person submitting a bid.
- 1.3. **"Broad-Based Black Economic Empowerment (BBBEE) Act"**: means the Broad-Based Black Economic Empowerment Act, 53 of 2003 and Code of Good Practice thereto.
- 1.4. **"Accounting Officer"**: means the Municipal Manager as defined in Section 60 of the Municipal Finance Management Act, 56 of 2003.
- 1.5. **"Closure Date"**: means the time and day specified in the bid documents for the receipt of the bids.
- 1.6. **"Competitive Bidding Process"**: means a competitive bidding process referred to in Regulation 12(1)(d) of the Supply Chain Management Regulations.
- 1.7. **"Competitive Bid"**: means a bid in terms of a competitive bidding process.
- 1.8. **"Construction Industry Development Board (CIDB) Act"**: means the Construction Industry Development Board Act, 38 of 2000 and includes the regulations pertaining thereto.
- 1.9. **"Consultant"**: means a person or entity providing services requiring knowledge-based expertise, and includes professional service providers.
- 1.10. **"Contract"**: means the agreement which is concluded when the Municipality accepts, in writing, a bid or quote submitted by a provider.
- 1.11. **"Long term contract"** means a contract with a duration period exceeding one year.
- 1.12. **"Contractor"**: means any person or entity whose bid or quote has been accepted by the Municipality.
- 1.13. **"Day(s)"**: means calendar days unless the context indicates otherwise.

- 1.14. **"Delegated Authority"**: means any person or committee delegated with authority by the Municipality in terms of the provisions of the Municipal Finance Management Act, 56 of 2003.
- 1.15. **"Disability"**: means, in respect of a person, a permanent impairment of a physical, intellectual or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner or in the range considered normal for a human being.
- 1.16. **"Final Award"**: in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept.
- 1.17. **"Formal Written Price Quotation"**, ~~"Written Price Quotation"~~,
- 1.18. **"Quotation" or "Quote"**: means a formal written quotation or electronic offer to the Municipality in response to an invitation to submit an offer quotation.
- 1.19. **"In the service of the state"**: means:
- 1.19.1. A member of any municipal council, any provincial legislature or the National Assembly or the National Council of Provinces;
- 1.19.2. An official of any municipality or municipal entity;
- 1.19.3. 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, 1 of 1999;
- 1.19.4. A member of the board of directors of any municipal entity;
- 1.19.5. A member of the accounting authority of any national or provincial public entity;
or
- 1.19.6. an employee of Parliament or a provincial legislature.
- 1.20. **"List of accredited prospective providers"**: means the list of accredited prospective service providers which a municipality or municipal entity must keep in terms of Regulation 14 of the Supply Chain Management Regulations.
- 1.21. **"Municipal Entity"**: means an entity as defined in Section 1 of the Municipal System Act, 32 of 2000.
- 1.22. **"Person"** includes a natural or juristic entity.

- 1.23. **"Preferential Procurement Policy Framework Act"** (PPPFA) means the Preferential Procurement Policy Framework Act, 5 of 2000.
- 1.24. **"SARS"** means the South African Revenue Services.
- 1.25. **"Supply Chain Management (SCM) Regulations"** means the Municipal Supply Chain Management Regulations published in Government Gazette 27636 of 30 May 2005.
- 1.26. **"The Act" (MFMA):** means the Local Government: Municipal Finance Management Act, 56 of 2003.
- 1.27. **"Treasury Guidelines":** means any guidelines on supply chain management issued by the Minister in terms of section 168 of the MFMA;
- 1.28. **"Unsolicited Bid":** means an offer submitted by any person at its own initiative without having been invited by the Municipality to do so.
- 1.29. Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include females and words importing persons shall include companies, closed corporations and firms, unless the context clearly indicates otherwise.

SUPPLY CHAIN MANAGEMENT FRAMEWORK AND PRINCIPLES

2. SUPPLY CHAIN MANAGEMENT POLICIES

- 2.1. The Swellendam Municipality shall in line with Section 111 of the Municipal Finance Management Act implement a supply chain management policy, that -
- (a) gives effect to:
 - (i) section 217 of the Constitution, and
 - (ii) Part 1 of chapter 11 and other applicable provisions of the Act;
 - (b) is fair, equitable, transparent, competitive and cost effective;
 - (c) complies with:
 - (i) the regulatory framework prescribed in Chapter 2 of these 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 legislations that is, and not limited to;
 - (i) The Preferential Procurement Policy Framework Act of 2000
 - (ii) The Preferential Procurement Policy Framework Regulations of 2022
 - (iii) The Broad-Based Black Economic Empowerment Act;
 - (iv) The Construction Industry Development Board Act;
 - (v) The Local Government : Municipal Systems Act;
 - (vi) The Municipal Finance Management Act;
 - (vii) The Supply Chain Management Regulations;
 - (viii) The Promotion of Administration Justice Act;
 - (ix) The promotion of Access to Information Act,
- (e) Does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
- (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

2.2. Swellendam Municipality may not act otherwise than in accordance with its policy when:

- (a) procuring goods or services in line with the provisions of the sourcing strategy and the procurement plans;
- (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 83 of that Act.

2.3. Unless stated otherwise, this Policy does not apply if the Swellendam Municipality contracts with another organ of state for:

- (i) The provision of goods and services to the municipality,
- (ii) The provision of a municipal service, or assistance in provision of the municipal service, or
- (iii) The procurement of goods and services under a contract secured by other organ of state, provided that the relevant supplier has agreed to such procurement.

2.4. This Policy also does not apply to:

- (i) Insurance and warranty claims with the Municipality's Insurer
- (ii) Pauper burial services to a maximum of R3 500
- (iii) And those prescribed by the Municipal Grant-in Aid policy

2.5 The Municipal Manager shall approve the utilization of a contract secured by another organ of the state in accordance with section 32 of this Policy.

2.6 The municipality may utilize contracts secured by another organ of the state if the contracts are still valid and comply with the requirements of the National Treasury.

3. ADOPTION AND AMENDMENT OF SUPPLY CHAIN MANAGEMENT POLICIES

3.1. This policy shall be effective from the date on which it is adopted by Council and the Municipal Manager shall annually review the implementation of the policy and submit proposals for the amendment of the policy to the council if deems necessary.

3.2. This policy shall ensure that the objectives of uniformity in supply chain management processes are achieved, and the supply chain management regulations published under GN868 in Government Gazette 27636 of 30 May 2005 ~~and any National Treasury Circular or Guidelines~~ are complied with.

3.3. No deviations from the supply chain management regulations published under GN868 in Government Gazette 27636 of 30 May 2005~~guidelines~~ will be allowed, in an unlikely case such deviations happen, the municipal manager shall report to Provincial Treasury and National Treasury.

3.4. The municipal manager shall take all reasonable steps to ensure that the municipality implements a supply chain management policy in accordance with Regulation 2 of the Municipal Supply Chain Management regulations.

4. DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES

- 4.1. Council shall delegate the municipal manager to exercise all powers and duties to enable him to:
- (a) to discharge the supply chain management responsibilities conferred in terms of:
 - (i) Chapter 8 or 10 of the Act; and
 - (ii) the supply chain management policy of the municipality;
 - (b) to maximize administrative and operational efficiency in the implementation of the policy;
 - (c) to enforce reasonable cost-effective measures, prevention of fraud, corruption, favoritism, unfair and irregular practices in the implementation of supply chain management policy; and
 - (d) to comply with his responsibilities in terms of section 115 and other applicable provisions of the Act.

5. SUB-DELEGATIONS

- 5.1. The Municipal Manager may sub-delegate in terms of section 79 of the Act powers and duties delegated in terms of section 4.1.
- 5.2. Subject to regulation 5(2), the Municipal Manager shall not delegate or sub-delegate any supply chain management powers or duties:
- (a) to a person who is not an official of the Swellendam Municipality; or
 - (b) to a committee which is not exclusively composed of officials of the Swellendam Municipality, unless in the event of a tender where other organs of state are participating.
- 5.3. A senior official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with section 5.2 must within five working days of the end of each month submits to the official 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;
- (c) the reason why the award was made to that person.

- 5.4. This section may not be interpreted as permitting an official to whom the power to make final awards have been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in this Policy.
- 5.5. The powers delegated to any official or capacity of the Swellendam Municipality shall be reviewed on annual basis and such review will form part of the annual report of supply chain management.
- 5.6. The register of delegation of powers, if necessary, will be updated on an annual basis including the signature specimen.
- 5.7. All delegated powers of acting capacity must be in writing and approved by the relevant delegated official.
- 5.8. This regulation may not be interpreted as permitting an official to whom the power to make final awards has been subdelegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in section [2625](#).
- 5.9. No decision-making in terms of any supply chain management powers and duties may be delegated to an advisor or consultant.

6. OVERSIGHT ROLE OF COUNCIL OF SWELLENDAM MUNICIPALITY

- 6.1. The council of the Swellendam Municipality shall maintain oversight over the implementation of this supply chain management policy.
- 6.2. For the purposes of such oversight the Municipal Manager shall:
 - (a) within 30 working days of the end of each financial year, submit a report on the implementation of this policy to the Council of the municipality;

- (b) whenever there are serious and material problems in the implementation of the is policy, immediately submit a report to the Council.

- 6.3. The Municipal Manager shall, within 10 working days of the end of each quarter, submit a report on the implementation of this policy to the Executive Mayor of the Swellendam Municipality.
- 6.4. The Swellendam Municipality shall publish and make public all the Supply Chain Management reports of the municipality in accordance with section 21A of the Municipal System Act. For the purpose of complying with this section, all Supply Chain Management report shall be published on the municipal website 10 working days after the tabling and approval by Council.

7. SUPPLY CHAIN MANAGEMENT UNITS

- 7.1. The Municipal Manager shall establish a Supply Chain Management unit to implement this policy.
- 7.2. The Supply Chain Management unit shall operate under the direct supervision of the Chief Financial Officer.

8. TRAINING OF SUPPLY CHAIN MANAGEMENT OFFICIALS

- 8.1. The training of officials involved in implementing a supply chain management policy shall be in accordance with any treasury guidelines on supply chain management.

CHAPTER 2 – SUPPLY CHAIN MANAGEMENT POLICY FRAMEWORK

9. FORMAT OF SUPPLY CHAIN MANAGEMENT POLICY

- 9.1. The supply chain management system implemented shall ensure there is effective:
 - (1) Demand management;
 - (2) Acquisition management;
 - (3) Logistics management;
 - (4) Disposal management;
 - (5) Risk management; and

- (6) Performance management.

PART 1 – DEMAND MANAGEMENT

10. SYSTEM OF DEMAND MANAGEMENT

- 10.1. The Municipal Manager shall implement an effective system of demand management in order to ensure that the resources required to support the strategic and operational commitments of the municipality are delivered at the correct time, at the right price and at the right location, and that the quantity and quality satisfy the needs of the municipality.
- 10.2. The following systems and procedures shall be implemented to achieve the demand management objectives:
- (a) Procurement plans (demand management plans) in line with the service delivery budget implementation plan (SDBIP) should be in place and approved by the Municipal Manager before the start of the new financial year or revised after the approval of the adjustment budget.
 - (b) A sourcing strategy for goods and services including infrastructure must be implemented to ensure cost effectiveness and value for money.

PART 2 – ACQUISITION MANAGEMENT

11. SYSTEM OF ACQUISITION MANAGEMENT

- 11.1. This policy shall provide for an effective system of Acquisition management 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 term 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 the bid documentations, evaluation and adjudication criteria, and a general condition of a contract, are in accordance with any applicable legislation; and
- (e) that any Treasury guidelines on acquisition management are properly taken into account.

11.2. 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 municipal entity.

11.3. When procuring goods or services contemplated in section 110(2) of the Act the Municipality shall make public the fact that it procures such goods or services otherwise than through its supply chain management system, including:

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

12. RANGE OF PROCUREMENT PROCESSES

12.1. This policy shall, subject to section 11.2, provide for the procurement of goods and services by way of:

- (a) Petty cash purchases, up to a transaction value of R 2 000 (VAT included);
- ~~(b) Written or verbal quotations for procurements of a transaction value over R2 000 up to R10 000 (VAT included);~~
- ~~(c)~~ (b) Formal written price quotations for procurements of a transaction value over R10 000 to R200 000 (VAT included); and
- ~~(d)~~ a competitive bidding process for –
- (i) Procurements above a transaction value of R200 000 (VAT included); and
- ~~(ii) The procurement of long-term contracts.~~

12.2. The Municipal Manager may lower, but not increase, the different threshold values specified in section 12.1 or direct that:

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~~(a) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000;~~

~~(b)(a)~~ formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000; or

~~(c)(b)~~ a competitive bidding process be followed for any specific procurement of a transaction value lower than ~~R200-R300~~ 000.

- 12.3 The procurement of goods or services may not deliberately be split into parts or items of lesser value merely to avoid complying with the requirements of this policy.
- 12.4 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 WRITTEN QUOTATIONS OR BIDS

- 13.1. The municipality shall not consider a written quotation or bid unless the service provider who submitted the quotation or bid:

- (a) has furnished the municipality with:
 - (i) full name;
 - (ii) identification number or company or other registration number; and
 - (iii) tax reference number and vat registration number, if any;
- (b) has authorized the municipality to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and
- (c) has indicated:
 - (i) whether the person 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 stakeholders is in the service of the state, or has been in the services 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 section 13(c)(ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

14. LIST OF ACCREDITED PROSPECTIVE PROVIDERS

- 14.1. The municipality shall keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements of the municipality through ~~written or verbal quotations and~~ formal written quotations.
- 14.2. The municipality shall at least once a year, through local newspapers, the website or any other appropriate ways, invite prospective providers of goods and services to apply for listing as accredited prospective providers.
- 14.3. The municipal manager shall disallow the listing of any prospective provider who appears on the National Treasury's database as a person prohibited from doing business with the public sector.
- 14.4. The list of accredited prospective providers must be compiled per commodity and per type of service and must be updated at least quarterly however applications may be submitted at any time.

15. PETTY CASH PURCHASES

- 15.1. This policy stipulates the conditions for the procurement of goods by means of petty cash purchases referred to in regulation 12(1)(a), which must include conditions:
 - (a) The cash petty purchase should not exceed R2 000 (Vat included) per transaction and each petty cash holder should not exceed a maximum of R2 000 petty cash expenditure per month.
 - (b) The petty cash holders must when replenishing petty cash provide a reconciliation to the Chief Financial Officer, including-
 - (i) the total amount of petty cash purchases for the period; and
 - (ii) receipts and appropriate documents for each purchase.

~~16.~~ **WRITTEN QUOTATION**

- ~~16.1. Written quotations shall be obtained by the Supply Chain Management Unit officials from at least three different providers listed on the Municipal Suppliers Database.~~
- ~~16.2. The function indicated in section 16.1 above is the sole responsibility of the Supply Chain Management office and cannot be delegated to other Departments unless compelling reasons has been provided and duly authorised by the Municipal Manager.~~
- ~~16.3. The written quotations must meet the following criteria:~~
- ~~(i) Where practical shall be signed by the suppliers, with the exceptions of quotations received by electronic mail;~~
 - ~~(ii) have both physical and postal address of the supplier, company name and registration, VAT number, if applicable;~~
 - ~~(iii) Costs clearly broken down (itemized bill); and~~
 - ~~(iv) The details of the information on the quotation must be similar to the details captured on the Municipal Suppliers Database.~~
- ~~16.4. Where it is not possible to obtain at least three quotations, the reasons must be recorded and reported to the Supply Chain Manager or Chief Financial Officer for prior approval.~~

~~17.~~ **16. FORMAL WRITTEN PRICE QUOTATION**

- ~~17.16.1.~~ Formal written price quotations must be obtained from at least three different providers whose names appear on the Municipal Suppliers Database.
- 16.2. The written quotations must meet the following criteria;
- (i) Where practical it must be signed by the suppliers, with the exceptions of quotations received by electronic mail;
 - (ii) Have both physical and postal address of the supplier, company name and registration, VAT number, if applicable;
 - (iii) Costs clearly broken down (itemized bill); and
 - (iv) The details of the information on the quotation must be similar to the details captured on the Municipal Suppliers Database.

- 16.3. Where it is not possible to obtain at least three quotations, the reasons must be recorded and reported to the Supply Chain Manager or Chief Financial Officer for prior approval.

18.17. PROCEDURES FOR PROCURING GOODS OR SERVICES THROUGH ~~WRITTEN OR VERBAL QUOTATIONS AND~~ FORMAL WRITTEN PRICE QUOTATIONS

- ~~18.17.1~~ **18.1.** Procurement of goods and services that in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of section ~~17.16~~, be advertised for at least seven (7) days on the municipal website and an official notice board of the of the municipality.
- 17.2.** When using the list of accredited prospective providers the Municipal Manager must promote ongoing competition amongst providers, including by inviting providers to submit quotations on a rotation basis, unless differently specified during the procurement process.
- 17.3.** The Municipal Manager shall take all reasonable steps to ensure that the procurement of goods and services through ~~written or verbal quotations or~~ formal written price quotations is not abused.
- 17.4.** The Chief Financial Officer must on a monthly basis be notified in writing of all ~~written or verbal quotations and~~ formal written quotations accepted by an official acting in terms of a sub-delegation.
- 17.5.** The Supply Chain Management Unit must keep proper record.

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19.18. COMPETITIVE BIDS

- 18.1. The procurement of goods or services above a transaction value of ~~R200-R300~~ 000 (VAT included) ~~and long-term contracts~~ shall be done by the municipality only through a competitive bidding process, subject to section 11.2 of this Policy.
- 18.2. No requirement for goods or services above an estimated transaction value of ~~R200-R300~~ 000 (VAT included), may deliberately be split into parts or items of lesser value merely to avoid complying with the requirements of the policy.

20-19. PROCESS FOR COMPETITIVE BIDDING

- 19.1. This policy provides procedures for a competitive bidding process for each of the following stages:
- (a) the compilation of bidding documentation:
 - (i) A standardized bid documents will be utilized when procuring goods and services for the municipality. In case of construction related projects, the CIDB standardized document will be utilized.
 - (ii) Suppliers will upon payment of a tender deposit fee, request the bid document from the Supply Chain Management Unit in the prescribed format determined by the Bid Specification Committee and approved by the Municipal Manager or delegated official. The tender deposit fee may be waived by the Municipal Manager under certain conditions.
 - (iii) The functionality evaluation criteria that will apply. Where functionality is used as criteria to evaluate bids, a minimum of two officials with a thorough knowledge of the subject matter will be required to do technical evaluations.
 - (b) Site meetings/briefing sessions will be held only if the project necessitates such clarification and physical inspections of the site and it shall be stated on the advertisement of the bid.
 - (c) Two officials from Supply Chain Management Unit shall be responsible for collecting of the bids from tender box and opening of the bids in public and where practical the prices of bids received will be announced, including the name of the bidder. All bids will be opened at 11h00 on the prescribed date.
 - (d) Evaluation of bids

- (i) Bids will be evaluated in accordance with the criteria as stipulated in the bid document.
- (ii) Only bids as per the prescribed format will be accepted.
- (e) Contracts or bids will only be awarded to companies that complies in all respects to the applicable evaluation criteria set out on the bid documents.
- (g) Administration of contracts will be stipulated in the tender documentation.
- (h) The supply chain management unit will maintain proper records.

21-20. BID DOCUMENTATION FOR COMPETITIVE BIDS

- 20.1. The bid documentation for competitive bidding must take into account –
 - (a) the general conditions of contract;
 - (b) any Treasury guidelines on bid documentation; and
 - (c) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
 - (d) the Preferential Procurement regulations of 2022.
- 20.2. The bid documentation must include the evaluation and adjudication criteria, including any criteria required by other applicable legislation.
- 20.3. It compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted.
- 20.4. If the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish:
 - (a) If the bidder is required by law to prepare annual financial statements, their annual financial statements:
 - (aa) for the past three years; or
 - (bb) since their establishment if established during the past three years;
 - (b) 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;

- (c) 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.
- (d) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality is expected to be transferred out of the Republic.

20.5. 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.

22.21. PUBLIC INVITATION FOR COMPETITIVE BIDS

21.1. The public will be invited through the advertisement of the bids on the National Treasury tender e-portal, municipal website, notice boards and Construction Industry Development Board I-tender if the bid is relating to construction works.

21.2. The closing date for the submission of bids may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long-term nature, or 14 days in any other case, from the date on which the advertisement. All projects awarded on rates bases shall be capped below the threshold on (ten) R 10 million, unless such bid was advertised for a period as not less than 30 days.

21.3. This policy shall allow the Municipal manager to 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 cases. Reasons for such motivation should be recorded for audit purposes and poor planning cannot be provided as a reason for the deviation.

21.4. Bids submitted to the municipality must be sealed in an envelope as no bids will be accepted if it is not properly sealed.

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

21.6. The bids submitted by the service providers must be valid for a period of ninety (90) days and the validity period may be extended for further period of 60 days. The following procedures and processes shall be followed in extension of the validity date:

- (a) Requests for the extension of validity dates must be extended to all service providers who submitted bids. Requests submitted to bidders must be kept for future reference.
- (b) Service providers have consented on the extension.
- (c) Bids will be regarded as non-responsive, where price changes are offered due to the extension of the validity date.
- (d) Service providers shall have seven (7) working days to respond to a request for the extension of the validity date.
- (e) Every case will be treated on its own merit, however, no response from service providers does not render the tender process null and void.

23.22. PROCEDURE FOR HANDLING, OPENING AND RECORDING OF BIDS

22.1. This policy determines the procedure for the handling, opening and recording of bids -

- (a) stipulate that bids:
 - (i) may be opened only in public at 11h00 on the day of closing; and
 - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired;
- (b) confer on any bidder or member of the public 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; and
- (c) require the Municipal manager –
 - (i) to record in a register all bids received in time as per the clock as displayed in the municipality building;
 - (ii) to make the register all bids received in time; and
 - (iii) to publish the entries in the register and the bid results on the website of the municipality.

24.23. NEGOTIATIONS WITH PREFERRED BIDDERS

- 23.1. The Municipal Manager or delegated authority may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidder, 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 provided the rates have been adjusted by the municipal manager or delegated committee to comply with legislative requirements or to standardize prices/ rates for various service providers appointed for the very same scope of works.
- 23.2. Minutes of such negotiations must be kept for record purposes.

25.24. TWO-STAGE BIDDING PROCESS

- 24.1. This policy allows a two-stage bidding process for:
- (a) large complex projects;
 - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
 - (c) long-term nature projects with a duration period exceeding three years.
- 24.2. In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustment.
- 24.3. In the second stage final technical proposals and priced bids should be invited.

26.25. COMMITTEE SYSTEM FOR COMPETITIVE BIDS

- 25.1. The following bid committees shall be established by the Municipal Manager;
- (a) a bid specification committee;
 - (b) a bid evaluation committee; and
 - (c) a bid adjudication committee;

- [25.2.](#) The Municipal Manager shall appoint the members of each committee, considering section 117 of the Act.
- [25.3](#) The Municipal Manager may allow for the attendance or oversight process by a neutral or independent observer when this is appropriate for ensuring fairness and promoting transparency.
- [25.4.](#) The committee system must be consistent with sections [27-26](#), [28-27](#), [29-28](#) and any other applicable legislation.
- [25.5.](#) The Municipal manager may apply the committee system to formal written price quotations.

27-26. BID SPECIFICATION COMMITTEES

- [26.1.](#) A bid specification committee shall compile the specifications for competitive bids.
- [26.2.](#) The specifications:
 - (a) shall be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
 - (b) shall take account of any accepted standards such as those issued by Standards the 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) where possible, be described in terms of performance required rather than in term 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 words "equivalent";

- (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the supply chain management policy of the municipality or municipal entity; and
- (g) must be approved by the Municipal manager or any delegated official prior to publication of the invitation for bids.

26.3. A bid specification committee must be composed of one or more officials of the municipality or municipal entity; preferable the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.

26.4 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.

28.27. BID EVALUATION COMMITTEES

27.1. A bid evaluation committee shall:

- (a) evaluate bids in accordance with:
 - (i) the specifications for a specific procurement; and
 - (ii) the points system as prescribed in terms of the Preferential Procurement Act and its Regulations;
- (b) evaluate each bidder's ability to execute the contract;
- (c) check in respect of the recommended whether municipal rates and taxes and service charges are not in arrears; and
- (d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

27.2. 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.

28.27.3. In relation to section 27.2 above, any matter deferred by an evaluation committee must be concluded by that particular committee. In exceptional cases whereby the project must be concluded by a different committee, the committee members must take into consideration matters raised by the previous committee prior to making a determination.

29-28. BID ADJUDICATION COMMITTEE

28.1. A bid adjudication committee shall:

- (a) consider the report and recommendations of the bid evaluation committee; and
- (b) either –
 - (i) depending on its delegations, make a final ward or a recommendation to the Municipal Manager to make the final award; or
 - (ii) make another recommendation to the Municipal Manager how to proceed with the relevant procurement.

28.2. A bid adjudication committee shall comprise of all Directors 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 and designated by the chief financial officer;
- (ii) at least one senior supply chain management practitioner who is an official of the municipality; and
- (iii) a technical expert in the relevant field who is an official of the municipality has such an expert.

28.3. The Municipal Manager 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.

28.4. The quorum of the meeting will be formed by 50% + 1 member.

28.5. 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.

28.6. If a bid adjudication committee considers awarding a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must firstly refer the matter back to the evaluation committee for re-consideration and should it still wish to make a different award, prior to award:

- (a) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in areas; and
- (b) notify the Municipal Manager in writing.

28.7. The Municipal Manager may –

- (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee; 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.

28.8. The Municipal Manager 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.

28.9. The Municipal Manager must comply with section 114 of the Act within 10 working days.

30-29. PROCUREMENT OF BANKING SERVICE

29.1. A contract for the provision of banking services to a municipality-

- (a) must be procured through competitive bids;
- (b) must be consistent with sections 7 or 85 of the Act; and
- (c) may not be for a period of more than five years at a time.

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

29.3. The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed. Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

31-30. PROCUREMENT OF IT RELATED GOODS OR SERVICES

30.1. The Municipal Manager is authorised to request the State Information Technology Agency (SITA) to assist the municipality with the acquisition of IT related goods or services through a competitive bidding process.

- 30.2. The parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- 30.3. The municipal must notify SITA together with a motivation of the IT needs of the municipality if:
 - (a) the transaction value of IT related goods or services required by the municipality in any financial year will exceed R50 million (VAT included); or
 - (b) the transaction value of a contract to be procured by the municipality entity whether for one or more years exceeds R50 million (VAT included).
- 30.4. 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 relevant Provincial Treasury and the Auditor General.

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

- 31.1. The Municipal Manager may procure goods or services for the municipality 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) the municipality has no reason to believe that such contract was not validly procured;
 - (c) there are demonstrable discount or benefits for the municipality to do so; and
 - (d) that other organ of state and the provider have consented to such procurement in writing.
- 31.2. The municipality may only participate in contracts that are still valid and the term of the appointment will not exceed the original contract period or the scope of work.
- 31.3. The municipality will only give approval for participation to other organs of state for contracts that are still valid, and the approval period will not exceed the original contract period or the scope of work.

31.4. Request for participation in a specific contract will be acceptable only if it is addressed to the Municipal Manager. No request from the service providers will be accepted by the municipality.

31.5. Participation in National Treasury transversal tenders is governed by this section.

33.32. PROCUREMENT OF GOODS NECESSITATING SPECIAL SAFETY ARRANGEMENTS

32.1. The policy must restrict the acquisition and storage of goods in bulk (other than water) which necessitate special safety arrangements, including gasses and fuel.

32.2. 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.

34.33. PROUDLY SA CAMPAIGN AND LOCAL PRODUCTION AND CONTENT

33.1. The Municipal Manager must ensure compliance with the Proudly South African campaign on the procurement of goods or services.

35.34. APPOINTMENT OF CONSULTANTS

34.1. The Municipal Manager may procure consulting services provided that any Treasury guidelines in respect of consulting services are considered when such procurements are made.

34.2. A contract for the provision of consultancy services to a municipality 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.

34.3. In addition to any requirements prescribed by the Supply Chain Management Regulations for competitive bids, bidders must furnish the municipality with 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.

34.4. The Municipal Manager may establish a database of professional consultants following a competitive bidding process and the use of those professional consultants on a rotational basis.

34.5. The municipality must ensure that copyright in any documents and systems 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.

36-35. DEVIATION FROM AND RATIFICATION OF MINOR BREACHES OF, PROCUREMENT PROCESSES

35.1. The Municipal Manager is allowed:

- (a) to dispense with the official procurement processes established by the 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; or
 - (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
- (b) to 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.

- [35.2.](#) The Municipal Manager must record the reasons for any deviations or ratification in terms of section [3635.1](#) (a) and (b) and report them to the next meeting of the Council and include as a note the annual financial statements.
- [35.3.](#) Section [3635.2](#) does not apply to the procurement of goods and services contemplated in section 11.2 of this policy.

[37.36.](#) UNSOLICITED BIDS

- [36.1.](#) Subject to section 113 of the Act, the Municipal Manager is not obliged to consider unsolicited bids received outside a normal bidding process.
- [36.2.](#) If the Municipal Manager decides in terms of section 113(2) of the Act to consider an unsolicited bid, it may do so 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 for, the municipality;
 - (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.
- [36.3.](#) If the Municipal Manager decides to consider an unsolicited bid that complies with section [3736.2](#), the municipality must make its decision public in accordance with section 21 A of the Municipal System Act, together with:
- (a) its reasons as to why the bid should not be open to other competitors;
 - (b) an explanation of the potential benefits for the municipality were it to accept the unsolicited bid; and
 - (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- [36.4.](#) Once the municipality has received written comments pursuant to section [3736.3](#), it must submit such comments, including any responses from the unsolicited bidder to the National Treasury and the relevant provincial treasury for comment.

- 36.5. The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the Municipal Manager, depending on its delegations.
- 36.6. A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- 36.7. When considering the matter, the adjudication committee must consider:
- (a) any comments submitted by the public; and
 - (b) any written comments and recommendations of the National Treasury or the relevant Provincial Treasury.
- 36.8. If any recommendations of the National Treasury or Provincial Treasury are rejected or not followed, the Municipal Manager must submit to the Auditor General, the relevant provincial treasury and those recommendations.
- 36.9. Such submissions must be made within seven days after the decisions on the award of the unsolicited bid are taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of submission.

38.37. COMBATING OF ABUSE OF SUPPLY CHAIN MANAGEMENT SYSTEM

- 37.1. Measures to combat abuse of the supply chain management system must be put in place and the Municipal Manager must:
- (a) take all reasonable steps to prevent such abuse;
 - (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with the 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 municipal entity, or to any other municipality or municipal entity, are in areas 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 municipal entity 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;
- (g) to 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 municipal entity 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 other public sector contract during the past five years; or

~~(iv)~~ (iii) has been listed in the Register for Tender Defaulters in terms section 29 of the Prevention and Combating of Corrupt Activities Act (No12 of 2004).

37.2. The Municipal Manager must inform the National Treasury and relevant Provincial Treasury in writing of any actions taken in terms of this section.

PART 3 – LOGISTICS, DISPOSAL, RISK AND PERFORMANCE MANAGEMENT**39.38. LOGISTICS MANAGEMENT**

- 38.1. The municipal processes must allow for an effective system of logistics management to provide for the setting of inventory levels, placing of orders, receiving and distribution of goods, stores, and warehouse management, expediting orders, transport management, vendor performance, and maintenance and contract administration.

40.39. DISPOSAL MANAGEMENT

- 39.1. The municipal processes must provide for an effective system of disposal management for the disposal or letting of assets, including unserviceable, redundant, or obsolete assets, subject to section 14 of the Act.
- 39.2. The municipal processes must:
- (a) specify the ways in which assets may be disposed of, including 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)~~ (iv) destroying the asset;
 - (b) stipulate that:
 - (i) immovable property may be sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
 - (ii) 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 to the municipality;
 - (iii) in the case of the disposal, free or otherwise, of computer equipment, the provincial department of education must first be approached to indicate within 30 days whether any of the local schools are interested in the equipment; and

- (iii) in the case of the disposal of firearms, the National Conventional Arms Control Committee has approved any sale or donation of firearms to any person institution within or outside the Republic;
- (d) provide that:
 - (i) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise; and
 - (ii) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- (e) ensure that where assets are traded in for other assets, the highest possible trade-in price is negotiated.

41.40. RISK MANAGEMENT

- 40.1. The municipal processes must provide for an effective system of risk management for the identification, consideration, and avoidance of potential risks in the supply chain management system.
- 40.2. Risk management must include:
 - (a) the identification of risks on a case-by- case basis;
 - (b) the allocation of risks to the party best suited to manage such risks;
 - (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
 - (d) the management of risks in a pro-active manner and the provision of adequate for residual risks; and
 - (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

42.41. PERFORMANCE MANAGEMENT

- 41.1. The municipal processes must provide for an effective internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorized supply chain management processes are being followed and whether the desired objectives are being achieved.

PART 4 - OTHER MATTERS**43.42. PROHIBITION ON AWARDS TO PERSONS WHOSE TAX MATTERS ARE NOT IN ORDER**

- 42.1. The municipality, irrespective of the procurement process followed, may not make any award above R30 000 to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- 42.2. Before making an award to a person, a municipality will first check with SARS portal whether that person's tax matters are in order.
- 42.3. Where a supplier does not submit a tax compliance status PIN but provides a CSD number, the Municipal Manager should utilise the CSD number via its website www.csd.gov.za to access the supplier records and verify tax compliance status.

44.43. PROHIBITION ON AWARDS TO PERSONS IN THE SERVICE OF THE STATE

- 43.1. This policy, irrespective of the procurement process followed, states that the municipality may not make any award to a person;
 - (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 stake holder is a person in the service of the state; or
 - (c) who is an advisor or consultant contracted with the municipality or municipal entity.
- 43.2. The municipality will utilise the CSD as its sole available resource to check if directors, managers, principal shareholders are in the employment of the state.

45.44. AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE

- 44.1. The notes to the annual financial statements of a municipality must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or

parent of a person in the service of the state, or has been in the service of a 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.

46-45. ETHICAL STANDARDS

45.1. This policy establishes a code of ethical standards at section **4645.2** 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.

45.2. A municipal code of ethical standards stipulates that an official or other role player involved in the implementation of the supply chain management policy of the municipality:

- (a) must treat all providers and potential providers equitably;
- (b) may not use his or her position for private gain or to improperly benefit another person;
- (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person;
- (d) notwithstanding section **4645.2(c)**, must declare to the Municipal Manager 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 Municipal Manager 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 other 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 Municipal Manager in combating fraud, corruption, favoritism and unfair and irregular practices in the supply chain management; and
- (i) must report to the Municipal Manager any alleged irregular conduct in the supply chain management system which that person may become aware of, including:
 - (i) any alleged fraud, corruption, favouritism, or unfair conduct;
 - (ii) any alleged contravention of section 4645; or
 - (iii) any alleged breach of the code of ethical standards.

45.3. This policy provides that:

- (a) all declarations in terms of section 4645.2(d) and (e) must be recorded in a register which the Municipal Manager must keep for this purpose;
- (b) determine that all declarations by the Municipal Manager must be made to the mayor of the municipality who must ensure that such declaration are recorded in the register; and
- (c) contain measures to ensure that appropriate action is taken against any official or other role player who commits a breach of the code of ethical standards.

45.4. This policy considered the National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management.

45.5. A municipality hereby adopts the National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management. The code of conduct is binding on all officials and other role players involved in the implementation of the supply chain management policy of the municipality.

45.6. Section 4645.2(c) does not apply to gifts less than R350 in value.

47.46. INDUCEMENTS, REWARDS, GIFTS AND FAVOURS TO MUNICIPALITIES, MUNICIPAL ENTITIES, OFFICIALS AND OTHER ROLE PLAYERS

46.1. No person who is a provider or prospective provider of goods or services to the municipality, or recipient or prospective recipient of goods disposed of by a representative or intermediary, promise, offer or grant:

- (a) any inducement or reward to the municipality; or for or in connection with the award of a contract; or
- (b) any reward, gift, favour, or hospitality to:
 - (i) any official of the municipality; or
 - (ii) any other role player involved in the implementation of the supply chain management policy of the municipality.

46.2. The Municipal Manager must promptly report any alleged contravention of section 47.46.1 to the National Treasury for considering whether the offending person, and any representative or intermediary through which such 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.

46.3. Section 47.46.1 does not apply to gifts less than R350 in value.

48.47. SPONSORSHIP

47.1. The municipal manager of Swellendam Municipality must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised. Offered or granted to the municipality, whether directly or through a representative or intermediary, by any person who is:

- (a) a provider or prospective of goods or services to the municipality; or
- (b) a recipient or prospective recipient of goods disposed or to be disposed, of by the municipality.

49.48. OBJECTIONS AND COMPLAINTS

48.1. This policy allows persons aggrieved by decisions or actions taken by the municipality or municipal entity in the implementation of its supply chain management system, to lodge within 14 days of the decision or action a written objection or complaint to the municipality or municipal entity against the decision or action.

48.2. If a person indicated that they intend to raise an objection but fails to pay the prescribed tariff within a period of 48-hours after being informed of the payment obligation, the matter will be regarded as resolved and closed.

50.49. RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES

49.1. The Municipal Manager may establish a dispute resolution mechanism, which may include a committee of officials or a person, that did not participate or are not directly involved in the supply chain management processes of the municipality:

- (a) to assist in the resolution of disputes between the municipality other persons regarding:
 - (i) any decisions or actions taken by the municipality in the implementation of its supply chain management system; or
 - (ii) any matter arising from a contract awarded during its 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.

49.2. The Municipal Manager, or another official designated by the Municipal Manager, is responsible for assisting the appointed person or committee to perform his or her functions effectively.

49.3. The person or committee appointed must:

- (a) strive to resolve promptly all disputes, objections, complaints, or queries received; and
- (b) submit monthly reports to the Municipal Manager on all disputes, objections, complaints, or queries received, attended to, or resolved.

- 49.4. 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 received from the municipality within 60 days.
- 49.5. 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.

51.50. CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER

- 50.1. 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 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.

36.51. PREFERENTIAL PROCUREMENT

~~51.1. Where this policy does not provide for a matter regulated by Preferential procurement will be implemented in line with – the Preferential Procurement Regulations, 2022 and the Preferential Procurement Policy of Council. the provisions of the regulations will prevail in respect of a "tender" as defined in the regulations.~~

~~52.1.~~

~~52.2. The following procurement strategies are addressed in this section:~~

- ~~(a) The application of a preference point system for the specified goals envisaged in Section 2(1)(d) and (e) of the PPPFA, through B-BBEE Contributors and locality.~~

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- (b) The unbundling of large projects, where appropriate, into smaller contracts to ensure that a spread of opportunities is made available to suppliers of various sizes.
- (c) The use of functionality/quality, where appropriate, in procurement processes to ensure that goods supplied are fit for purpose, or that a minimum level of experience and competence in respect of suppliers is attained.
- (d) The increase of employment opportunities by encouraging the use of labour-intensive technologies.
- (e) Continue to redress the skewed employment and ownership patterns in the greater municipal area.
- (f) Achieve the above by providing procurement and employment opportunities to B-BBEE and SMME enterprises and disadvantaged individuals and communities.
- (g) Enable local and socio-economic transformation objectives to be linked to fair, transparent, equitable, competitive, and cost-effective procurement practices that will encourage the entry of emerging business into the municipal area.
- (h) The targeting of labour and/or enterprises from specific areas within the boundaries of the municipal area.

52.3. Preferential procurement is further enhanced by provisions aimed at improved access to information, simplification of documentation, reduced performance guarantee requirements, reduced retention, reduced payment cycles in accordance with this Policy and good governance.

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Aim

52.4. The aim of this section of the Municipality's Supply Chain Management Policy is to give effect to, and to ensure compliance with, all applicable legislation and national directives in respect of preferential procurement and B-BBEE.

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Performance Management

52.5. The level of B-BBEE contribution and localisation achieved by the Municipality through the application of this policy will be monitored in terms of the supply chain management performance management system.

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Preferential Procurement System – Key Principles

52.6. The key principles of this system are:

- (a) the application of an 80/20 preference point system for procurement (competitive bids or quotations) with a Rand value of greater than R30 000 but less than or equal to R50 000 000;
- (b) the application of a 90/10 preference point system for procurement (competitive bids) with a Rand value greater than R50 000 000;
- (c) if it is unclear which preference point system will be applicable, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system;
- (d) that bids may be declared non-responsive if:
 - (i) they fail to meet any special condition of tender if stipulated in the bid documents;
 - (ii) they fail to meet objective criteria as prescribed by Section 2(1)(f) of the PPPFA; or
 - (iii) they fail to achieve a minimum qualifying score for functionality (quality) if indicated in the bid documents.

52.7. The preference point system shall be used in the evaluation of responsive bids for the purposes of determining preferred/recommended bidders, and for the adjudication thereof.

52.8. The preference point system may be applied to procurement transactions less than R30 000 (VAT inclusive) on an ad hoc basis in order to promote local enterprises within the municipal boundaries on the discretion of the Manager: Supply Chain Management.

Planning and Stipulation of Preference Point System

52.9. Prior to embarking on any procurement process, the responsible end user must properly plan for, and, as far as possible, accurately estimate the cost of the goods, services or construction works for which bids are to be invited.

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~~52.10. The Bid Specification Committee shall, immediately prior to advertising, determine the appropriate preference point system to be used in the evaluation and adjudication of bids, and shall ensure that such is clearly stipulated in the bid documentation.~~

Evaluation of Bids on Functionality (Quality)

~~52.11. Functionality (otherwise known as quality) may be included in the bid evaluation process as a qualifying (eligibility) criterion.~~

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~~52.12. If a bid is to be evaluated on functionality, this must be clearly stated in the bid documentation.~~

~~52.13. The evaluation criteria for measuring functionality must be objective.~~

~~52.14. The following must be clearly stipulated in the bid document when evaluating bids on functionality the:~~

- ~~(a) — evaluation criteria for measuring functionality;~~
- ~~(b) — the points for each criteria and, if any, each sub-criterion; and~~
- ~~(c) — the minimum qualifying score for functionality rounded off to the nearest two decimal places (if applicable).~~

~~52.15. The minimum qualifying score for functionality for a tender to be responsive must be determined separately for each tender. The norm for the minimum qualifying score for functionality shall be 60% of the total possible score. For more specialised or complex tenders the minimum score may, at the discretion of the Bid Specification Committee, be increased to up to 70% of the total possible score. The setting of a minimum score any higher than 70% of the total possible score must be motivated to, and approved by, the Manager: Supply Chain Management prior to use and must not be unreasonably restrictive.~~

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~~52.16. If a bid fails to achieve the minimum qualifying score for functionality as indicated in the bid document, it must be regarded as non responsive, and be rejected (not considered any further in the evaluation process).~~

~~52.17. Bids that have achieved the minimum score for functionality, and passed any other responsiveness tests, must be evaluated further in terms of the preference point system prescribed below.~~

Evaluation and Adjudication of Bids

52.18. An 80/20 preference point system is stipulated for bids with a Rand value of greater than R30 000, but less than or equal to R50 000 000, and a 90/10 preference point system of procurement with a Rand value of greater than R50 000 000. If it is unclear which preference point system will be applicable, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system.

52.19. This means that either 80 or 90 points, depending on the Rand value of the bid, will be awarded to the person who offers the lowest price, and proportionately fewer points are awarded to those with higher prices. Either 20 or 10 points are then available as preference points for goals envisaged in Section 2(1)(d) and (e) of the PPPFA.

52.20. Irrespective of the preference point system used, the following will be applicable:

- (a) Points for preference may be awarded to bidders having attained a B-BBEE status level of contributor and/or for goals envisaged in Section 2(1)(d) and (e) of the PPPFA.
- (b) A tenderer failing to submit proof of B-BBEE status level of contributor or is a non-compliant contributor to B-BBEE may not be disqualified but may only score points for price and must be awarded zero points for preference.
- (c) The points for preference scored by a bidder must be added to the points for price scored, to obtain the total number of adjudication points scored for each responsive bid. The points scored must be rounded off to the nearest two decimal places (if applicable).
- (d) Subject to Section 2(1)(f) of the PPPFA, the contract must be awarded to (and/or order placed with) the bidder that scores the highest total number of adjudication points.
- (e) If the price offered by a tenderer scoring the highest points is not market related, the Municipality may not award the contract to that tenderer, prior to:
 - (i) negotiating a market related price with the tenderer scoring the highest points or cancel the tender;

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- (iii) ~~if the tenderer does not agree to a market related price, negotiate a market related price with the tenderer scoring the second highest points;~~
- (iii) ~~if the tenderer scoring the second highest points does not agree to a market related price, negotiate a market related price with the tenderer scoring the third highest points; and~~
- (iv) ~~apply the foregoing principles to all written and formal written price quotations subject to the approval of Manager: Supply Chain Management or his delegated official.~~

~~52.21. If a market related price is not agreed as envisaged in section 52.20, the Municipality must cancel the tender.~~

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~~52.22. The criteria applicable to break any deadlock where tenderers score the equal number of points will be as follows:~~

~~52.22.1. The contract must be awarded to the tenderer that scored the highest points for B-BBEE.~~

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~~52.22.2. If functionality is part of the evaluation process and two or more tenderers score equal total points and equal preference points for B-BBEE, the contract must be awarded to the tenderer that scored the highest points for functionality.~~

~~52.22.3. If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.~~

~~52.23. The remedies for any breach detected for the submission of any false information by a bidder are as follows:~~

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~~52.23.1. Inform the tenderer accordingly and give the tenderer an opportunity to make representations within 14 days as to why the tender may not be disqualified or, if the tender has already been awarded to the tenderer, the contract should not be terminated in whole or in part.~~

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~~52.23.2. After considering the representations, the municipality may, if it concludes that such information is false disqualify the tenderer or terminate the contract in whole or in part; and if applicable, claim damages from the tenderer.~~

Cancellation of Bids

52.24. The Municipality may cancel bids before the award of a bid as follows:

- 52.24.1. Due to changed circumstances, there is no longer a need for the goods or services specified in the invitation;
- 52.24.2. Funds are no longer available to cover the total envisaged expenditure;
- 52.24.3. No acceptable tender is received;
- 52.24.4. There is a material irregularity in the tender process; or
- 52.24.5. The validity period of the tender has lapsed.

52.25. The decision to cancel a tender invitation must be published in the same way the original tender invitation was advertised.

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The Preference Point System for the Procurement (Acquisition) of Goods, Services or Construction Works

52.26. The following formula must be used to calculate the points out of 80 for price in respect of bids (including price quotations) with a Rand value of greater than R30 000 and up to a Rand value of R50 000 000 (all applicable taxes included):

$$P_s = 80 \{1 - (P_t - P_{min})\}$$

P_{min}

Where:-

P_s = Points scored for price of the bid under consideration;

P_t = Price (corrected, if applicable, inclusive of VAT) of the bid under consideration; and

P_{min} = Price (corrected, if applicable, inclusive of VAT) of lowest responsive bid.

52.27. The 90/10 Preference Point System for the Procurement (Acquisition) of Goods, Services or Construction Works with a Rand Value above R50 000 000. The following formula must be used to calculate the points for price in respect of bids with a Rand value above R50 000 000 (all applicable taxes included):

$$P_s = 90 \{1 - (P_t - P_{min})\}$$

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P_{min}

Where:-

P_s = Points scored for price of the bid under consideration;

P_t = Price (corrected, if applicable, inclusive of VAT) of the bid under consideration; and

P_{min} = Price (corrected, if applicable, inclusive of VAT) of lowest responsive bid.

52.28. 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:

$$P_s = 80 \{ 1 + (P_t - P_{max}) \}$$

P_{max}

at

Where

P_s = Points scored for price of tender under consideration.

P_t = Price of tender under consideration; and

P_{max} = Price of highest acceptable tender

52.29. A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender.

52.30. 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.

52.31. Subject to section 2(1)(f) of the PPPFA, the contract must be awarded to the tenderer scoring the highest points.

52.32. 90/10 preference point system for tenders for income-generating contracts with Rand value above R50 million. The following formula must be used to calculate

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the points for price in respect of a tender for income-generating contracts, with a Rand value above R50 million, inclusive of all applicable taxes:

$$P_s = 90 \{1 + (P_t - P_{max})\}$$

P_{max}

Where:

P_s = Points scored for price of the bid under consideration;

P_t = Price (corrected, if applicable, inclusive of VAT) of the bid under consideration; and

P_{max} = Price (corrected, if applicable, inclusive of VAT) of lowest responsive bid.

52.33. A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender.

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52.34. 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.

52.35. Subject to section 2(1)(f) of the PPPFA, the contract must be awarded to the tenderer scoring the highest points.

52.36. The tendering conditions will stipulate the specific goals, as contemplated in section 2(1)(d)(iii) of the PPPFA, be attained.

52.37. A maximum of 20 points (80/20 preference points system) or 10 (90/10) preference points system), will be allocated for specific goals. These goals are:

- (a) contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender or disability.
- (b) the promotion of enterprises located in the local area (phased-in approach to be applied for other RDP goals)

52.38. In respect of section 52.36(a), 50% of the 20/10 points will be allocated to promote B-BBEE and points will be allocated in terms of the B-BBEE scorecard as follows:

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B-BBEE Status Level of Contributor	Number of Points for Preference (80/20)	Number of Points for Preference (90/10)
1	10	5
2	8	4
3	6	3
4	4	2
5	2	1
6	2	1
7	2	1
8	2	1
Non-compliant contributor	0	0

52.39. A tenderer must submit proof of its BBEE status level contributor.

52.40. A tenderer failing to submit proof of B-BBEE status level of contributor or is a non-compliant contributor to B-BBEE may not be disqualified, but

- (a) may only score points for price; and
- (b) scores 0 points for B-BBEE status level of contributor, which is in line with Section 2(1)(d)(i) of the Act, where the supplier or service provider did not provide proof thereof.

52.41. In respect of section 52.36(b), 50% of the 20/10 points will be allocated to promote locality, and points will be allocated as follows:

Local area of supplier	Number of Points for Preference	
	80/20	90/10
Within the boundaries of the Swellendam municipality	10	5
Within the boundaries of the Overberg District	4	2
Within the boundaries of the Western Cape	2	1
Outside of the boundaries of the Western Cape	0	0

52.42. Preferential Procurement may be applied up to R30 000 on an ad hoc basis but will be limited to the application of goals as per section 52.36(a) and (b).

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~~52.43. A tenderer failing to submit proof of required evidence to claim preferences for other specified goals, which is in line with section 2(1)(d)(iii) of the PPPFA:~~

~~(a) may not be disqualified; and~~

~~(b) scores 0 points out of 10/5 of the relevant specific goals where the supplier or service provider did not stipulate.~~

~~52.44. The preference points scored by a tenderer must be added to the points scored for price.~~

~~52.45. The points scored must be rounded off to the nearest two decimal places.~~

~~52.46. The contract must be awarded to the tenderer scoring the highest points, subject to section 2(1)(f) of the PPPFA.~~

Evidence of B-BBEE Status Level

~~52.47. To qualify for preference points in terms of this policy, bidders must submit documentary proof of their B-BBEE level of contribution in accordance with the applicable codes of good practise as specified in the tender documents.~~

~~52.48. The submission of such documentary proof must comply with the requirements of instructions and circulars/guidelines issued by the National Treasury and be in accordance with notices published by the Department of Trade and Industry in the Government Gazette.~~

~~52.49. Bidders who fail to submit the required documentary proof, or certified copies thereof, will be deemed to be non-compliant contributors.~~

~~52.50. Where specific sector charters have been gazetted in terms of the B-BBEE Act, bid documentation for procurement from within such sectors, may specify that only bidders verified, or who are Exempted Micro Enterprises or Qualifying Small Enterprises, in terms of the particular sector charter (or Code of Good Practice), will qualify for a preference. A status level of contributor in respect of generic Codes of Good Practice will not, in such circumstances, qualify for any preference.~~

~~52.51. Where no specific sector charter has been gazetted, the gazetted generic Codes of Good Practice will be applicable to all bidders to qualify for a preference.~~

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~~52.52. For the purposes of transparency, bidders shall be required to indicate, in their bid submission, their B-BBEE status level of contribution.~~

~~52.53. Notwithstanding what is contained in the bid submission, preference points may be allocated during the bid evaluation process in accordance with the verified B-BBEE status level (or deemed status level) of contributor as at the closing date of the bid.~~

Conditions Relating to the Granting of Preferences

~~52.54. Bidders must, in the manner stipulated in the bid documentation, declare that:~~

- ~~(a) the information provided is true and correct;~~
- ~~(b) the signatory to the bid document is duly authorised; and~~
- ~~(c) documentary proof regarding any bidding issue will, when required, be submitted to the satisfaction of the Municipality.~~

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~~52.55. Only bidders who have completed and signed the necessary declarations may be considered for the granting of preference points.~~

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~~52.56. The Bid Evaluation Committee must, when calculating prices, consider any discounts which have been offered unconditionally.~~

~~52.57. A discount which has been offered conditionally must, despite not being taken into account for evaluation purposes, be implemented when payment is effected.~~

~~52.58. A trust, joint venture or co-operative will qualify for preference points for their B-BBEE status level of contributor as a legal entity, provided that the entity has submitted its verified B-BBEE status level certificate (or certified copy thereof) to the Municipality.~~

~~52.59. A trust or joint venture will qualify for preference points for their B-BBEE status level as an unincorporated entity, provided that the entity has submitted its consolidated B-BBEE scorecard as if it is a group structure and that such a consolidated B-BBEE scorecard is prepared for every separate bid. The consolidated B-BBEE scorecard must be submitted in the form of a certificate issued by an accredited verification agency (or a certified copy thereof).~~

~~52.60. A bidder may not be awarded points for B-BBEE status level of contributor if the bid documents indicate that such a bidder intends sub contracting more than 25% of the value of the contract to any other person not qualifying for at least the points that the bidder qualifies for, unless the intended sub contractor is an EME that has the capability and ability to execute the sub contract.~~

~~52.61. A person awarded a contract may not sub contract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level of contributor than the person concerned, unless the contract is sub contracted to an EME that has the capability and ability to execute the sub contract. Compliance with this particular requirement must be monitored by the end user during the execution of the contract.~~

~~52.62. A person awarded a contract may only enter into a subcontracting arrangement with the approval of the Municipality.~~

~~52.63. If a service is required that can only be provided by tertiary institutions, such services may be procured through a bidding process from the identified tertiary institutions. The tertiary institutions must submit their B-BBEE status in terms of the specialized scorecard contained in the B-BBEE Codes of Good Practice.~~

~~52.64. If a service is required that can be provided by one or more public entities and enterprises from the private sector, the appointment of a supplier must be done by means of a competitive bidding process. Public entities must submit their B-BBEE status in terms of the specialized scorecard contained in the gazetted B-BBEE Codes of Good Practice.~~

Other Specific Goals

Unbundling Strategies

~~52.65. To encourage increased participation and the sustainable growth of the small business sector, the unbundling of larger projects into smaller, more manageable, contracts are encouraged.~~

~~52.66. Unbundling must however be considered in the context of:~~

- ~~(a) economies of scale being lost;~~
- ~~(b) abortive work becoming necessary;~~

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~~(c) additional demands (not only financial) being placed on the Municipality's resources; and~~

~~(d) the risk of later phases not being completed because of budget cuts becoming necessary in the future.~~

~~52.67. Unbundling, and all its associated implications, must therefore be carefully considered at the planning stage of any project, and the budgets for, and design thereof, should be structured accordingly.~~

~~52.68. It is important to note that while it is the Municipality's policy to procure goods, services or construction works in the smallest practicable quantities, the practice of parcelling such procurement to avoid complying with the requirements of the different range of procurement processes described in this policy is not permitted.~~

~~52.69. Unbundling strategies can be afforded to the full spectrum of businesses, from those operating as labour only contractors to those operating as prime contractors. Some of these strategies can be summarised as follows:~~

~~(a) Providing third party management support to enterprises which are not capable of operating as prime contractors;~~

~~(b) Providing training to new entrants;~~

~~(c) Promoting learner-ships, internships, pupil-ships, etc.~~

~~(d) Obligating main contractors or service providers to engage targeted enterprises in the performance of their contracts incorporating resource specifications;~~

~~(e) Foster joint ventures that are formed between large businesses and targeted enterprises (termed as Structured Joint Ventures);~~

~~(f) Encourage and involve funding institutions to assist small businesses with access to finance and negotiate for credit lines;~~

~~(g) Encourage local manufacturing and procurement from small businesses within the municipal area;~~

~~(h) Unbundling of big projects and identifying opportunities and areas/scope of works that can be carried out by emerging contractors bar those from the main assignment shall be pursued vigorously.~~

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Increasing Employment Opportunities

~~52.70. One of the Municipality's key socio-economic objectives is to facilitate the creation of employment for the people within the municipal area.~~

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~~52.71. Increasing employment opportunities through procurement may be achieved by specifying labour intensive technologies and/or methods of construction in the bid documents.~~

~~52.72. It is up to end users to thoroughly investigate the options available in the above regard, to evaluate the positive versus negative impact of any proposals, and to specify labour intensive technologies and/or methods where appropriate.~~

~~52.73. All labour earning less than a threshold wage, determined in accordance with National Guidelines, that is employed for the provision of services or construction works for the Municipality, shall be reported in the prescribed format, monthly, to the Municipal EPWP Unit.~~

Targeted Labour and/or Targeted Enterprises

~~52.74. The targeting of labour and/or enterprises from specific areas within the boundaries of the Municipal area may be achieved, where appropriate, by specifying in the bid documents, a minimum level of participation (a contract participation goal) that must be achieved in respect of targeted labour and/or targeted enterprises in the performance of the contract.~~

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~~52.75. Specified contract participation goals must be measurable and achievable, and the performance in respect of which must be monitored by the end users during the execution of the contract.~~

~~52.76. Where a minimum contract participation goal has been specified in respect of targeted labour and/or enterprises, the supplier is obliged to meet that goal, and must be penalised if he or she does not.~~

~~52.77. Contract participation goals in respect of targeted labour and/or enterprises may not be introduced into the preference point system used for the evaluation of bids.~~

CSI – Corporate Social Investment

~~52.78. Corporate social investment (CSI) is defined as contributions (either employee time and/or resources) that bring benefits over and above those directly associated with the Municipal core business activities.~~

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~~52.79. Depending on the principles of fairness and cost effectiveness, the relevant commodity required, and the profile of the supply industry, the Municipality may require that specific CSI contributions are made in line with the Municipal Grant-in-Aid Policy.~~

~~52.80. The suppliers shall be expected to indicate or provide an outline of socio-economic projects to be implemented through its CSI in the Swellendam Municipal area. Proposed projects must be measurable with a specific focus on vulnerable groups. Bidders can suggest or explore the following socio-economic project practices for consideration:~~

- ~~(a) On the job training and development of staff (learnerships), particularly for the unemployed or young people including the recruitment of long term job seekers and handicapped people;~~
- ~~(b) Young women/mother's upliftment/leadership programme;~~
- ~~(c) Skills development initiatives (technical and soft skills) must be accredited with recognised institutions;~~
- ~~(d) Youth leadership and empowerment projects;~~
- ~~(e) Early childhood development;~~
- ~~(f) Projects can be in collaboration with local CBO's, NGO's and relevant institutions;~~
- ~~(g) Business skills and enterprise support including mentoring of local enterprises; and/or~~
- ~~(h) Development of Parks and open spaces.~~

~~52.81. It is specifically recorded that NO CSI financial contributions will be required or accepted.~~

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~~52.82. The Municipality will adopt a uniform standard in acknowledging, monitoring and reporting on CSI contributions.~~

Remedies

Actions in Respect of Fraud

~~52.83. The Municipal Manager will act against a bidder or person awarded the contract upon detecting that the B-BBEE status level of contribution has been indicated or obtained on a fraudulent basis in terms of section 38 relating to the Abuse of this Supply Chain Management System.~~

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Actions in Regard to Non-performance

~~52.84. Contractual penalties will be applicable to breaches of the contractual conditions relating to preferential procurement that were found to be committed.~~

~~52.85. If a successful bidder sub-contracts a portion of the tender to another person without making such disclosure and obtaining approval from the Municipality, a penalty of up to 10% of the value of the contract will be imposed.~~

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37.52. REVIEW

The Supply Chain Management Policy shall be reviewed annually in accordance with section 21(1)(b)(ii) of MFMA.

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52.53. DOCUMENT DEFINITION

Effective Date	1st July 2023
Related Legislation	1. Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003). 2. Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000). 3. Construction Industry Development Board Act, 2000 (Act 38 of 2000). 4. Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003).
Replaces/ Repeals	Repeal the Supply Chain Management Policy of 2022
Department responsible	Budget and Treasury Office (BTO)

Unit responsible	SCM unit
Applies to	Swellendam Municipality service providers
Key Words	Supply Chain Management Policy
Status	Draft
Approval Date	31 May <u>January 2023</u> 2024
Version	1 <u>2</u>