

WEST RAND DISTRICT MUNICIPALITY



SUPPLY CHAIN MANAGEMENT POLICY

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1. DEFINITIONS

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

“Accounting Officer” means the person appointed by the Municipality as the Municipal Manager of the Municipality in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), responsible and accountable in terms of section 55(2) of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000) and includes any person acting in such position and to whom the Municipal Manager has delegated a power, function or duty. Accounting Officer also means Municipal Manager and vice versa.

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

“CIDB” means Construction Industry Development Board Act, Act 38 of 2000;

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

“Formal written price quotation” means quotations referred to in paragraph 17.1 of this policy;

“Grey List” means a list of service providers contracted to the municipality who have failed to meet contractual obligations and therefore temporarily barred from doing business with the municipality for a period not exceeding 12 months or a financial year;

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

- (a) a member of –
 - i. any municipal council;
 - ii. any provincial legislature; or
 - iii. the National Assembly or the National Council of Provinces;
- (b) a member of the board of directors of any municipal entity;
- (c) an official of any municipality or municipal entity;
- (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of Public Finance Management Act, 1999 (Act 1 of 1999);
- (e) a member of the accounting authority or any national or provincial public entity; or
- (f) an employee of Parliament or a provincial legislature;

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

“List of accredited prospective providers” means the list of accredited prospective providers registered on the National Treasury Central Supplier Database (CSD) in terms of Section 14 of this policy;

“Database of restricted bidders” means the database of bidders restricted from doing business with a Municipality as set out in paragraph 14.1 of this policy as defined in Circulars 43, 46, 52 and 56 of National Treasury.

“Other applicable legislation” means any other legislation applicable to the municipal Supply Chain Management, including but not limited to –

- (a) The Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000), the PPPFA regulations, 2022 and all amendments;
- (b) The Broad Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), the regulations and all amendments;
- (c) The Construction Industry Development Board Act, 2000 (Act 38 of 2000), the regulations and all amendments;
- (d) The Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2003), the regulations and all amendments;
- (e) The Competition Act, 1998 (Act 89 of 1998), the regulations and all amendments; and
- (f) The Promotion of Administrative Justice Act, 2000 (Act 3 of 2000).

“Petty Cash”, means a small amount for incidental purchases of low value goods and services

“PPP”, Preferential Procurement Policy as adopted by West Rand District Municipality

“Single source”: refers to when the competition exists in the market, but only from a selected few supplier, due to technical capabilities and abilities, comply with the requirements of the municipality.

“Sole Supplier:” refers in instances where there is no competition and only one service provider exists in the market, with sole distribution rights and/or patent rights or being a sole manufacturer, supplier, or distributor of the goods or services required.

“Strip & quote:” When it is not certain what repairs and maintenance should be performed on equipment and vehicles and it becomes impractical to obtain quotations, the equipment or

vehicle is sent to a supplier who disassembles (strips) it to determine what is wrong with it, thereafter a quote is issued.

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

“The Act” means the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003);

“The Regulations” means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Gazette no. 27636, 30 May 2005 and all amendments;

“Material flaw or Irregularity” means a significant fault or mistake or weakness, identified to potentially impede the principles of fairness or transparency.

“Municipal Cost Containment Regulations” means the Local Government: Municipal Finance Management Act, 2003, Municipal Cost Containment Regulations, 2019;

“The Council” means the West Rand District Municipality abbreviated to WRDM.

CHAPTER 1

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Supply chain management policy

- 1) All officials and other role players in the supply chain management system of the West Rand District Municipality must implement this Policy in a way that –
 - (a) gives effect to –
 - Section 217 of the Constitution; and
 - Part 1 of Chapter 11 and other applicable provisions of the Act;
 - (b) is fair, equitable, transparent, competitive, and cost-effective;
 - (c) Complies with –
 - the Regulations; and
 - any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
 - (d) is consistent with other applicable legislation;
 - (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
 - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- 2) This Policy applies when the West Rand District Municipality –
 - (a) procures goods and services;
 - (b) disposes of goods no longer needed;
 - (c) appoints contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
 - (d) selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.
- 3) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including:
 - (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
 - (b) electricity from Eskom or another public entity, another municipality or a municipal entity.

3. ADOPTION AND AMENDMENT OF THE SUPPLY CHAIN MANAGEMENT POLICY

- 1) The accounting officer must –
 - (a) at least annually review the implementation of this Policy; and
 - (b) when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the council
- 2) If the accounting officer submits proposed amendments to the council that differ from the model policy issued by the National Treasury, the accounting officer must –
 - (c) ensure that such proposed amendments comply with the Regulations; and
 - (d) report any deviation from the model policy to the National Treasury and the Gauteng Provincial Treasury.
- 3) When amending this Supply Chain Management Policy, the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.
- 4) The draft policy should be forwarded to the Gauteng Provincial Treasury: Policy, Norms and Standards component before tabling to the Municipal Council for approval.

4. DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES

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

- 2) Section 79 and 106 of the Act apply to the sub-delegation of powers and duties delegated to an accounting officer in terms of subparagraph (4.1).
- 3) The council or the accounting officer may not sub-delegate any supply chain management powers or duties to a person who is not an official of the West Rand District Municipality or to a committee which is not exclusively composed of officials of the West Rand District Municipality;
- 4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

5. **SUB-DELEGATIONS**

- 1) The accounting officer may in terms of section 79 or 106 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this policy, but any such sub-delegation must be consistent with subparagraph (2) and paragraph 4 of this Policy.
- 2) The Accounting officer hereby sub-delegates the following and gives power to make a final award –
 - (a) above R10 million (VAT included) **may not be sub-delegated** and is thus to be awarded by the Accounting Officer only;
 - (b) above R2 million (VAT included), but not exceeding R10 million (VAT included), is hereby sub-delegated only to –
 - i. the chief financial officer;
 - ii. senior manager; or
 - iii. a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
 - (c) not exceeding R2 million (VAT inclusive) may be sub-delegated as follows:
 - i. the chief financial officer;
 - ii. senior manager;
 - iii. a manager directly accountable to the chief financial officer or a senior manager; or
 - iv. a bid adjudication committee
- 3) An official or the bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph (2) must within five (5) days of the end of each month submit to the official referred to in subparagraph (4) a

written report containing particulars of each final award made by such committee or person during that month, including:

- a) the amount of the award;
 - b) the name of the person to whom the award was made; and
 - c) the reason why the award was made to that person.
- 4) A written report referred to in subparagraph (3) must be submitted –
- (a) to the accounting officer, in the case of an award by –
 - i. the chief financial officer
 - ii. a senior manager; or
 - iii. a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
 - (b) to the chief financial officer, or the senior manager responsible for the relevant bid, in the case of an award by-
 - i. a manager referred to in subparagraph (2) (c) (iii); or
 - ii. a bid adjudication committee of which the chief financial officer or a senior manager is not a member.
- 5) Subparagraph (3) and (4) of this policy do not apply to procurements made out of petty cash.
- 6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.
- 7) No supply chain management decision-making powers may be delegated to an advisor or consultant. Advisors and consultants, who were either involved with drafting of specifications or technical evaluation of bids under their supervision as per their appointment, may attend bid specifications and bid evaluation committees in their professional capacity. Both Bid Specifications and Bid Evaluation Committees **do not** have decision-making or award powers, they can only recommend to the Bid Adjudication Committee.

6. OVERSIGHT ROLE OF COUNCIL

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

- 2) For the purposes of such oversight the accounting officer of WRDM must:
 - (a) (i) Within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of any municipal entity under the sole or shared control of WRDM, to the council of the West Rand District Municipality; and

(ii) Whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council.
- 3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor.
- 4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

7. SUPPLY CHAIN MANAGEMENT UNIT

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

8. TRAINING OF SUPPLY CHAIN MANAGEMENT OFFICIALS

The training of officials involved in implementing this Policy should be in accordance with National Treasury: Local Government: Municipal Finance Management Act: Municipal Regulations on Minimum Competency Levels dated 15/06/2007 and any other Treasury guidelines on supply chain management training.

CHAPTER 2

SUPPLY CHAIN MANAGEMENT SYSTEM

9. FORMAT OF SUPPLY CHAIN MANAGEMENT SYSTEM

This Policy provides systems for –

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

PART 1: DEMAND MANAGEMENT

10. SYSTEM OF DEMAND MANAGEMENT

This accounting officer must establish and implement an appropriate demand management system to ensure that the resources required by West Rand District Municipality supports its operational commitments and strategic goals as outlined in the Integrated Development Plan (IDP).

Demand management must be co-ordinated by SCM officials of the municipality in consultation with end-users. This includes a detailed analysis of the goods, works or services required, such as: -

- the scope of the work to be executed;
- the time required to complete the project; and
- the material, resources, equipment required to execute the project.

The outcome of this activity should be a detailed planning document that outlines what goods, works or services should be procured, the manner in which they should be procured as well as the timelines to execute the procurement functions.

Procurement planning should take place at the beginning of the financial year when the municipality's IDP, Service Delivery and Budget Implementation Plan (SDBIP) and annual budget have been approved. Procurement plans cannot be developed in isolation; it should instead form part of the municipality's and other functional strategies. The SCM Unit must perform hand-in-hand with user departments and directorates in the formulation of procurement plans.

Approved procurement plans containing all planned procurement for the financial year in respect of the procurement of goods, works or services which exceed R200 000 (all applicable taxes included) must be submitted to Gauteng Provincial Treasury by not later than 31 July of each year.

- 1) The demand management system must –
 - (a) include timely planning and management processes to ensure that all goods and services required by WRDM are quantified, budgeted for timeously, and effectively delivered at the right location, and the critical date, and be of the appropriate quantity and quality of a fair cost;
 - (b) take into account any benefits of economies of scale that may be delivered in the case of acquisitions of a repetitive nature (such as long-term contracts);

- (c) provide for the compilation of the required specifications to ensure that its needs are met;
- (d) take into consideration past spending analysis;
- (e) undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximised to the extent appropriate and within the available resources.

PART 2: ACQUISITION MANAGEMENT

11. SYSTEM OF ACQUISITION MANAGEMENT

- 1) The accounting officer must implement the system of acquisition management in order to ensure –
 - (a) that goods and services are procured by the West Rand District Municipality in accordance with authorised processes only;
 - (b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
 - (c) that the threshold values and limits for the different procurement processes are complied with;
 - (d) that bid documentation, evaluation and adjudication criteria, general conditions of a contract and special conditions of contract are in accordance with applicable legislation;
 - (e) that any Treasury guidelines (as per the circulars issued) on acquisition management are properly taken into account.
- 2) A supply chain management policy, except where provided otherwise in these Regulations, does not apply in respect of the procurement of goods and services contemplated in 110(2) of the Act, including-
 - a) Water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
 - b) Electricity from Eskom or another public entity, another municipality or a municipal entity.
- 3) The accounting officer must make public on the website the fact that such goods or

services are procured otherwise than through the West Rand District Municipality's supply chain management system, including –

- (a) the kind of goods or services; and
 - (b) the name of the supplier.
- 4) Procurement of the following goods and services are exempted from normal procurement process:
- (a) Subscription or admission fees;
 - (b) Payments for and renewal of license fees;
 - (c) Financial and Information systems licences;
 - (d) Tuition or enrolment fees payable through bursaries;
 - (e) Professional memberships;
 - (f) Human resource employee benefits;
 - (g) Procurement of regulatory bodies;
 - (h) Professional registration fees;
 - (i) Procurement or rental of stalls, registration at exhibitions and shows;

12. RANGE OF PROCUREMENT PROCESSES

- 1) Goods and services may only be procured by way of –
 - (a) Petty cash purchases up to a transaction value of R2 000 (VAT inclusive).
 - (b) Formal written price quotations for procurement of a transaction value over R2 000 up to R200 000 (VAT Included).
 - (c) A competitive bidding process for –
 - (i) procurement above a transaction value of R200 000 (VAT inclusive);
 - (ii) the procurement of long-term contracts.
- 2) The accounting officer may, in writing –

- (a) Lower, but not increase, the different threshold values specified in subparagraph (12.1); or
 - (b) Direct that –
 - (i) formal written price quotations be obtained for any specific procurement of a transaction value lower than R30 000 (VAT Inclusive); or
 - (ii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000 (VAT inclusive).
- 3) Splitting of works and services
- a) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy, or to circumvent the requirements of the procurement processes. When determining transaction values,
 - b) 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

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

- 1) Has furnished the provider's –
 - i. Full name;
 - ii. Identification number or company or other registration number; and
 - iii. Tax reference number and VAT registration number, if any;
- 2) Tax status on the central supplier database reflects as compliant and/or the supplier has authorized West Rand District Municipality via a tax pin to confirm with the South African Revenue Services that their tax status is compliant, and
- 3) Has indicated –
 - i. Whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - ii. If the provider is not a natural person, whether any of its directors,

managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; and

- iii. Whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

14. LIST OF ACCREDITED PROSPECTIVE PROVIDERS

- 1) The accounting officer must –
 - (i) Keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements of the municipality through formal written price quotations;
 - (ii) In terms of MFMA Circular 81, transact only with vendors registered on the National Treasury central supplier database. Vendors not registered on the National Treasury central supplier database will be barred from transacting with WRDM for transactions above R2 000 (VAT Inclusive);
 - (iii) Disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector;
 - (iv) The Municipal Supply Chain Management Regulation 38(1)(c) requires a supply chain management policy to provide measures for combating abuse of the supply chain management system and must enable the accounting officer to check the National Treasury Central Supplier database prior to awarding any contract.

15. PURCHASES UP TO R2 000 (VAT INCLUSIVE)

- 1) The following conditions are applicable for the procurement of goods by means of petty cash purchases:
 - (a) Petty cash purchases shall not exceed R2 000 per month per directorate, excluding any types of expenditure from petty cash purchases, where this is considered necessary; (i.e. for these types of expenditure, the Head of Department must provide written explanation);
 - (b) The Head of Department and Manager: Expenditure may authorize the petty cash requisitions

- (c) All petty cash requisitions must be approved by the Heads of Departments respectively
- (d) The Expenditure Unit prepares monthly reconciliations, including –
 - i. the total amount of petty cash purchases for that month; and
 - ii. receipts and appropriate documents for each purchase.

16. THIS SECTION IS REMOVED

17. FORMAL WRITTEN PRICE QUOTATIONS

- 1) The conditions for the procurement of goods or services through formal written price quotations for amounts over R2 000 up to R200 000 (amounts inclusive of VAT) are as follows:
 - (a) Written quotations must be obtained in writing from at least three different providers, preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the West Rand District Municipality, who are also compliant on the National Treasury Central Supplier Database. If quotations are obtained from providers who are not listed, such providers must meet the listing criteria in the supply chain management policy required by regulation 14 (1) (b) and (c);
 - (b) Conditions aligned to; specific goals as may be determined in the Preferential Procurement Policy must be included in the invitation;
 - (c) That if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;
 - (d) That the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices;
 - (e) Evaluation of offers are subject to the preference point system whereas a formula will be applied to calculate the points out of 80 for price in respect of a quotation with a Rand value equal to or above R2 000 and up to a Rand value of R30 000, inclusive of all applicable taxes:

The following formula will be applied:

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

Where-

P_s = Points scored for price of tender under consideration;

P_t = Price of tender under consideration; and

$P_{\min}$ = Price of lowest acceptable tender.

- (f) Thereafter, price points will be added to the specific goal points (as may be determined) in order to determine the highest procurement points scorer.
- 2) A designated official referred to in subparagraph (17.1) (c) must within three working days of the end of each month report to the accounting officer on any approvals given during that month by that official in terms of that subparagraph.

18. PROCEDURES FOR PROCURING GOODS OR SERVICES THROUGH FORMAL WRITTEN PRICE QUOTATIONS, ABOVE R30 000 UP TO R200 000 (VAT INCLUSIVE)

- 1) The procedure for the procurement of goods or services through formal written price quotations above R30 000 up to R200 000 (VAT inclusive) is as follows:
 - (a) All requirements above R30 000 (VAT inclusive) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and an official notice board of the West Rand District Municipality;
 - (b) When using the list of accredited prospective providers, the accounting officer must promote on-going competition amongst providers;
 - (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;
 - (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 sub-delegation;
 - (e) Offers must be awarded based on compliance to specifications, ability and capability to deliver the goods and services;

- (f) Conditions aligned to specific goals as may be determined in the Preferential Procurement Policy must be included in the invitation;
- (g) Evaluation of offers are subject to the preference point system whereas a formula will be applied to calculate the points out of 80 for price in respect of a tender with a Rand value equal to or above R30 000 and up to a Rand value of R200 000, inclusive of all applicable taxes;

The following formula will be applied:

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

Where-

P_s = Points scored for price of tender under consideration;

P_t = Price of tender under consideration; and

$P_{\min}$ = Price of lowest acceptable tender.

- (h) Thereafter, price points will be added to the specific goal points (as may be determined) in order to determine the highest procurement points scorer.
- (i) Record of approved specifications, advert, evaluation, and approval memos must be kept on file for audit purposes.

19. COMPETITIVE BIDS ABOVE R200 000 (VAT INCLUSIVE)

- 1) Goods or services above a transaction value of R200 000 (VAT included) and long-term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this policy.
- 2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

20. PROCESS FOR COMPETITIVE BIDDING

- 1) The procedures for a competitive bidding process are as follows:

- (a) Compilation of bidding documentation;
- (b) Public invitation of bids;
- (c) Site meetings or briefing sessions, *where applicable*;
- (d) Handling of bids submitted in response to public invitation;
- (e) Evaluation of bids;
- (f) Awarding of contracts; and
- (g) Proper record keeping.

21. BID DOCUMENTATION FOR COMPETITIVE BIDS

- 1) The criteria for which bid documentation for a competitive bidding process must:
 - (a) take into account:
 - (i) the general as well as special conditions of contract;
 - (ii) any Treasury guidelines on bid documentation; and
 - (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to the construction, upgrading, or refurbishment of buildings or infrastructure;
 - (b) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
 - (c) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish –
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
 - for the past three years; or
 - since their establishment if established during the past three years;
 - If the bidder is not required by law to prepare audited financial statements, then the unaudited financial statements for the past three years or since inception if

established during the past three years.

- (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
- (d) 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. PUBLIC INVITATION FOR COMPETITIVE BIDS

- 1) The procedure for the invitation of competitive bids, is as follows:
- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate ways (which may include an advertisement in the government Tender bulletin): and
 - (b) The information contained in a public advertisement, must include –
 - i. the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long-term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to sub paragraph (21.2);
 - ii. a statement that bids may only be submitted on the bid documentation provided by the West Rand District Municipality. Bid documents may not be re-typed.
 - iii. date, time, and venue of any proposed site meetings or briefing sessions applicable. Where briefing/site meetings are compulsory, no bids will be accepted if the contractor (who is considered to be a technical representative) has not attended this session and documents will only be accepted from contractors whose names appear on the attendance register.

- 2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement. Any shorter period may only be approved if it can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- 3) Bids submitted must be sealed and should be marked clearly with the bid number and description and placed in the tender box.
- 4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.
- 5) The specific goals as may be determined in West Rand District Municipality's preferential procurement policy must be stipulated in the advertisement.

23. PROCEDURE FOR HANDLING, OPENING AND RECORDING OF BIDS

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

- 1) Bids –
 - i. must be opened in public by at least two SCM officials in the presence of the bidders (*if present*);
 - ii. must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
 - iii. received after the closing time, will not be considered and will not be opened, but marked or recorded as late. Due to capacity and resource limitations, the municipality reserves the right not to return bids submitted late to bidders.
- 2) Bidders that have submitted bids have the right to request the register of names for bidders who submitted bids on time, and can thus request for the opening to be read out and, *if practical*, each bidder's total bidding price;
- 3) No information, except the provisions in subparagraph 23.2, relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award;
- 4) The accounting officer must –
 - (a) record in a register all bids received in time;
 - (b) make the register available for public inspection; and

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

24. NEGOTIATIONS WITH PREFERRED BIDDERS

- 1) The accounting officer may negotiate the final terms of the contract for bids exceeding R10 million (VAT Inclusive). The accounting officer may delegate to the BAC to negotiate contracts with bidders identified through a competitive bidding process who emerge as the preferred bidder, specifically for values below the specified threshold, provided such negotiations –
 - (a) does not allow any preferred bidder a second or unfair opportunity;
 - (b) is not to the detriment of any other bidder; and
 - (c) does not lead to a higher price than the bid as submitted.
- 2) Minutes and an attendance register of such negotiations must be kept for record purposes.
- 3) If the price offered by a tenderer scoring the highest procurement points is not market-related, the organ of state may not award the contract to that tenderer. The municipality may –
 - (i) negotiate a market-related price with the tenderer scoring the highest points; or
 - (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; or
 - (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; or
 - (iv) if a market-related price is not agreed as envisaged above, the municipality must cancel the tender.

25. TWO-STAGE BIDDING PROCESS

- 1) Two-Stage bidding process:

A two-stage bidding process is allowed for -

 - (a) Large or complex projects;

- (b) Projects where it may be undesirable or impractical to prepare complete detailed technical specifications; or
 - (c) Long term projects with a duration period exceeding three years
- 2) Process of Two-Stages:
- (a) In the first stage, technical proposals on conceptual design or performance specifications are invited, subject to technical as well as commercial clarifications and adjustments.
 - (b) In the second stage, final technical proposals and priced bids are invited from only the bidders who submitted proposals.

26. COMMITTEE SYSTEMS FOR COMPETITIVE BIDS

- 1) A committee system for competitive bids is hereby established,
 - a) consisting of at least the following committees for all procurement or cluster of procurements as the accounting officer may determine:
 - i. A bid specification committee;
 - ii. A bid evaluation committee; and
 - iii. A bid adjudication committee.
 - b) The Accounting Officer is to appoint members for each bid spec and bid evaluation committee based on expertise and knowledge required, taking into consideration section 117 of the Act which excludes councillors from serving on any SCM committee; and
 - c) A neutral or independent observer, appointed by the accounting officer, may attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- 2) The accounting officer may co-opt members to assist with the technical evaluation of bids, such members can only make recommendations.
- 3) The committee system must be consistent with –
 - (a) Paragraph 27, 28, and 29 of this Policy; and
 - (b) Any other applicable legislation.

27. BID SPECIFICATIONS COMMITTEE

- 1) A bid specifications committee must compile the specifications for each procurement of goods or services by the municipality.
- 2) Specifications –
 - (a) Must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
 - (b) Must take account of any accepted standards such as those issued by Standards of South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
 - (c) Where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
 - (d) May not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
 - (e) May not make reference to any particular trademark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which, such reference must be accompanied by the word “equivalent” unless this is impractical; or the municipality has taken a decision to standardise on a specific type of commodity for cost efficiencies;
 - (f) Must indicate each specific goal for which points will be awarded in terms of the Municipality’s Preferential Procurement Policy;
 - (g) Must indicate the applicable point system for the acquisition of goods or services:
 - (i) 80/20 preference point system for acquisition of goods or services for Rand value equal to or above 000 and up to R50 million (VAT Inclusive); or

- (ii) 90/10 preference point system for acquisition of goods or services with Rand value above R50 million (VAT Inclusive).
 - (h) Must be approved by the accounting officer prior to publication of the invitation for the bids in terms of paragraph 22.
 - (i) May not use memberships of voluntary associations as a criterion to unfairly eliminate bidders from the procurement process;
- 3) A bid specification committee must be composed of one or more officials of the Municipality including the manager / delegate responsible for the function involved, an SCM representative, officials from other departments within the municipality who may have valid input/experience relating to the specifications or end result, and may when appropriate, include internal/external specialist advisors.
 - 4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.
 - 5) The chairperson of the bid specifications committee shall have full authority over the resolved recommendations to the accounting officer.

28. BID EVALUATION COMMITTEE

- 1) A bid evaluation committee must –
 - (a) Evaluate bids in accordance with –
 - (i) the specifications for the specific procurement;
 - (ii) the point system as prescribed in terms of paragraph 27;
 - (b) evaluate each bidder's ability to execute the contract;
 - (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears for more than three months;
 - (d) submit to the bid adjudication committee a report and recommendations regarding the award of the bid or any other related matter;
 - (e) verify if the recommended bidder is not in the employ of the state through the National Treasury's Central Supplier Database;
 - (f) submit to the bid adjudication committee a report and recommendations regarding the award of the bid or any other related matter;
- 2) Criteria for breaking deadlock in scoring:
 - (a) If two or more tenderers score an equal total number of points, the contract

must be awarded to the tenderer that scored the highest preference points.

- (b) If functionality is part of the evaluation process and two or more tenderers score equal total points and equal preference points, 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, and the process must be facilitated by the chairperson of the BAC for competitive bidding, and by the CFO for formal written quotations.
- 3) A bid evaluation committee must as far as possible be composed of –
 - (a) The officials from the department requiring goods and services; and
 - (b) At least one supply chain management practitioner of the West Rand District Municipality.
- 4) A quorum for the Bid Evaluation Committee will be constituted by the majority of appointed and present members to the meeting, i.e. 51% and more of members with voting powers.

29. BID ADJUDICATION COMMITTEE

- 1) A bid adjudication committee must –
 - (a) Consider the report and recommendations of the bid evaluation committee; and
 - (b) Either –
 - (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
 - (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.
- 2) A bid adjudication committee must consist of at least four senior managers of the West Rand District Municipality which must include –
 - i. The chief financial officer (CFO) or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and

- ii. At least one senior supply chain management (SCM) practitioner who is an official of the West Rand District Municipality; and
 - iii. A technical expert in the relevant field who is an official or an external service provider, for clarity reasons the expert may be invited to clarify any queries raised by the Bid Adjudication Committee members, if such an expert exists and has been involved in the specifications and or evaluation process.
- 3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- 4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- 5) (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –
 - i. Check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears for more than three months, and
 - ii. Notify the accounting officer.
- (b) The accountant officer may –
 - i. After due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph 29.6; and
 - ii. If the decision of the bid committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- 6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- 7) The accounting officer must comply with section 114 of the Act within 10 working days.
- 8) A quorum for the Bid Adjudication Committee will be constituted by the majority of appointed and present members to the meeting, i.e. 51% and more of members with voting powers.

30. PROCUREMENT OF BANKING SERVICES

- 1) A contract for banking services –
 - (a) Must be procured through competitive bids;
 - (b) Must be consistent with section 7 or 85 of the Act; and
 - (c) May not be for a period of more than five years at a time.
- 2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- 3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act 94 of 1990).

31. PROCUREMENT OF IT RELATED GOODS OR SERVICES

- 1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- 2) The parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- 3) The accounting officer must notify SITA together with a motivation of the IT needs if –
 - (a) The transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
 - (b) The transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- 4) Should SITA comment on the submission, and the West Rand District 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 Gauteng Provincial Treasury and the Auditor General.

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

- 1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –
 - (a) The contract has been secured by that other organ of state by means of a

competitive bidding process applicable to that organ of state;

- (b) There is no reason to believe that such contract was not validly procured;
 - (c) There are demonstrable discounts or benefits to do so; and
 - (d) That other organ of state and the provider have consented to such procurement in writing.
- 2) Subparagraphs (32.1) (c) and (d) do not apply if –
- (a) A municipal entity procures goods or services through a contract secured by its parent municipality; or
 - (b) A municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.
- 3) Solicit the views of Gauteng Provincial Treasury on the intention to participate in a contract secured by another organ of state in terms of regulation 32. Correspondence in terms of the aforementioned requirement must be addressed and submitted to the Head of Department and the municipality may proceed with the relevant procurement if no response is forthcoming from treasury after 14 days of submission to treasury.
- 4) Must ensure full compliance with the issued National Treasury Regulations and Circulars relating to MFMA SCM Regulation 32.

33. PROCUREMENT OF GOODS NECESSITATING SPECIAL SAFETY ARRANGEMENTS

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

34. PROUDLY SA CAMPAIGN

- 1) (a) The municipality will support the Proudly SA campaign as far as possible to the extent that, preference is given to procuring local goods and services from:
 - i. Firstly, suppliers and businesses within the district
 - ii. Secondly, suppliers and businesses within Gauteng

- iii. Thirdly, suppliers and businesses within the Republic of South Africa, depending on the type of goods or services required.

35. APPOINTMENT OF CONSULTANTS

- 1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.
- 2) Consultancy services must be procured through competitive bids if:
 - (a) The value of the contract exceeds R200 000 (VAT included); or
 - (b) The duration period of the contract exceeds one year.
- 3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
 - (a) All consultancy services provided to an organ of state in the last five years; and
 - (b) Any similar consultancy services provided to an organ of state in the last five years.
- 4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the West Rand District Municipality.

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

- 1) The accounting officer may –
 - (a) Dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
 - i. in an emergency (e.g. breakages after hours, situations that may lead to health, safety hazards or death, serious hampering of official service delivery to the community);

- ii. if such goods or services are produced or available from a single source or sole provider only (e.g. agents/manufacturer/patent holder or items under guarantee);
 - iii. for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - iv. acquisition of animals for zoos and/or nature and game reserves; or
 - v. in any other exceptional case or urgency where it is impractical or impossible to follow the official procurement processes;
- (b) Ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.
 - (c) Deviations from the procurement process as per 36(1)(a)(i-v), should only be done with suppliers that are fully compliant on the Central Supplier Database (CSD) at the time of deviating.
 - (d) Pre-approval must be obtained in principle from the office of the CFO, prior to any deviation being actioned.
 - (e) All documentation relating to the deviation must be submitted to the supply chain management unit timeously, and in the case of an expo-facto (emergency deviation) no later than 5 working days after the incident had occurred, subject to (c) & (d) above.
- 2) The accounting officer must record the reasons for any deviations in terms of subparagraphs 36.1(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.
 - 3) Subparagraph 36.2 does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

37. UNSOLICITED BIDS

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

- (a) The product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - (b) The product or service will be exceptionally beneficial, or have exceptional cost advantages;
 - (c) The person who made the bid is the sole provider of the product or service; and
 - (d) The reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- 3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph 37.2 of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –
 - (a) Reasons as to why the bid should not be open to other competitors;
 - (b) An explanation of the potential benefits if the unsolicited bid were accepted; and
 - (c) An invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- 4) The accounting officer must submit all written comments received pursuant to subparagraph 37.3, including any responses from the unsolicited bidder to the National Treasury and the Gauteng Provincial Treasury for comment.
- 5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
- 6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- 7) When considering the matter, the adjudication committee must take into account –
 - (a) Any comments submitted by the public; and
 - (b) Any written comments and recommendations of the National Treasury or the Gauteng Provincial Treasury.
- 8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the Gauteng Provincial Treasury and the National Treasury the reasons for rejecting or

not following those recommendations.

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

38. COMBATING THE ABUSE OF SUPPLY CHAIN MANAGEMENT SYSTEM

- 1) The accounting officer must –
 - (a) Take all reasonable steps to prevent the abuse of the supply chain management system;
 - (b) Investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
 - (i) take appropriate steps against such official or other role player; or
 - (ii) report any alleged criminal conduct to the South African Police Service.
 - (c) Check the recommended bidder on the National Treasury's Central Supplier Database prior to awarding any contract so as to ensure that the recommended bidder, or any of its directors, is/are not listed as a person(s) prohibited or restricted 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 West Rand District Municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or
 - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the West Rand District Municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory.
 - (e) Reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
 - (f) Cancel a contract awarded to a person if –

- (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- (g) Reject the bid of any bidder if that bidder or any of its directors –
- (i) has abused the supply chain management system of the West Rand District Municipality or has committed any improper conduct in relation to such system;
 - (ii) has been convicted for fraud or corruption during the past five years;
 - (iii) has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - (iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (12 of 2004) or Data base of restricted suppliers.
- 2) The accounting officer must inform the National Treasury and Gauteng Provincial Treasury in writing of any actions taken in terms of paragraph 38(1)(b)(ii), (e) or (f) of this policy.

PART 3: LOGISTICS, DISPOSAL, RISK AND PERFORMANCE MANAGEMENT

39. LOGISTICS MANAGEMENT

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

- (a) The monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number
- (b) The setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;

- (c) The placing of manual or electric orders for all acquisitions other than those from petty cash;
- (d) Before is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- (e) Appropriate standards of internal control and stores management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- (f) Regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- (g) Monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

40. DISPOSAL MANAGEMENT

- 1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act, will be determined for each situation.
- 2) Assets may be disposed of by –
 - (a) Transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
 - (b) Transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
 - (c) Selling the asset; or
 - (d) Destroying the asset.
- 3) The accounting officer must ensure that –
 - (a) Immovable property is sold only at related prices except when the public interest or the plight of the poor demands otherwise and in collaboration with the Local Government MFMA – Municipal Asset Transfer Regulations (Gazette No 3146 dated 22/08/2008;
 - (i) Only council resolved items will be accepted by the SCM unit for the tender/auction process. The copy of the council resolution and all other

documents pertaining to the sale of land must accompany the request for the sale of the mentioned land/property.

- (ii) The following formula must be used to calculate the points for price in respect of a tender for income-generating contracts, with a Rand value below R50 million (All Inclusive):

$$Ps = 80 \left(1 + \frac{Pt - Pmax}{Pmax} \right)$$

- (iii) The following formula must be used to calculate the points for price in respect of a tender for income-generating contracts, with a Rand value above R50 million (All Inclusive):

$$Ps = 90 \left(1 + \frac{Pt - Pmax}{Pmax} \right)$$

- (b) Movable assets are sold once council has declared the items redundant, either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous and sold to the bidder who submitted the highest price.
- (c) Firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
- (d) Immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
- (e) All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- (f) Where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- (g) In the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

41. RISK MANAGEMENT

- 1) The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, will be determined for each situation.

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

42. PERFORMANCE MANAGEMENT

- 1) The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorized supply chain management processes were followed and whether the objectives of this Policy were achieved.
- 2) The performance of suppliers contracted to the municipality from a procurement process must be monitored through a performance management system.
- 3) Service providers that have been found not to have diligently honoured contractual obligations with the municipality or any other institution, may be disregarded from a tender process.
- 4) Service providers that are contracted by the municipality, and who fail to meet contractual obligations and/or acceptable standard of performance, may be “grey-listed” and not considered for quotations and/or tendering for a period not exceeding 12 months or a financial year.
- 5) Clause 42.4 above will only be invoked where written and/or documentary evidence is submitted to Supply Chain Management Unit or Bid Evaluation Committee to ensure application is fair, equitable and transparent.

PART 4: OTHER MATTERS

43. PROHIBITION ON AWARDS TO PERSONS WHOSE TAX MATTERS ARE NOT IN ORDER

- 1) No award above R15 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- 2) Before making an award to a person, the accounting officer must first check with National Treasury's central supplier database or validate with tax pin on SARS e-filing whether that person's tax matters are in order.

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

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

- (a) Who is in the service of the state;
- (b) If that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- (c) A person who is an advisor or consultant contracted with the West Rand District Municipality.

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

The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2 000 (VAT Included) to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

- (a) The name of that person;
- (b) The capacity in which that person is in the service of the state; and
- (c) The amount of the award.

46. ETHICAL STANDARDS

- 1) A code of ethical standards as set out in sub regulation (2) of the *“National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management”* is hereby established for officials and other

role players in the supply chain management system of the West Rand District Municipality in order to promote –

(a) Mutual trust and respect; and

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

2) A breach of the code of ethics must be dealt with as follows –

(a) In the case of an employee, in terms of the disciplinary procedures of the West Rand District Municipality envisaged in section 67(1)(h) of the Municipal Systems Act.

(b) In the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.

(c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

(d) A municipal official or other role player involved in the implementation of this Policy–

(i) must treat all providers and potential providers equitably;

(ii) may not use his or her position for private gain or to improperly benefit another person.

(e) Notwithstanding sub regulation (2) (c), must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person.

(f) Must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the West Rand District Municipality.

(g) Must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest.

(h) Must be scrupulous in his or her use of property belonging to West Rand District Municipality.

(i) Must assist the accounting officer in combating fraud, corruption, favouritism and

- unfair and irregular practices in the supply chain management system; and
- (j) Must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
 - (i) any alleged fraud, corruption, favouritism or unfair conduct;
 - (ii) any alleged contravention of paragraph 47(1) of this Policy; or
 - (iii) any alleged breach of this code of ethical standards.
 - 3) West Rand District Municipality adopts the National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management:
 - (a) All declarations in terms of subregulation (2)(d) and (e) must be recorded in a register which the accounting officer must keep for this purpose; and
 - (b) All declarations by the accounting officer must be made to the mayor who must ensure that such declarations are recorded in the register.
 - 4) A breach of the code of ethics must be dealt with in accordance with Schedule 2 of the Municipal Systems Act.

NOTE: THE “POLICY OF THE ACCEPTANCE OF GRANTS, GIFTS, DONATIONS AND SPONSORSHIPS” IS APPLICABLE TO SECTIONS 46, 47 AND 48 OF THIS POLICY AND MUST BE ADHERED TO AT ALL TIMES.

47. INDUCEMENTS, REWARDS, GIFTS AND FAVOURS TO MUNICIPALITIES, OFFICIALS AND OTHER ROLE PLAYERS

The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2 000 (VAT Included) to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

- 1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –
 - (a) Any inducement or reward to the or in connection with the award of a contract; or

(b) Any reward, gift, favour or hospitality to –

(i) Any official; or

(ii) Any other role player involved in the implementation of this Policy.

2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

3) Section 47(1) does not apply to gifts less than R350 per annum.

48. SPONSORSHIPS

The accounting officer must promptly disclose to the National Treasury and the Gauteng Provincial Treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –

(a) A provider or prospective provider of goods or services; or

(b) A recipient or prospective recipient of goods disposed or to be disposed.

49. OBJECTIONS AND COMPLAINTS

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

50. RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES

1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes –

(a) To assist in the resolution of disputes between the West Rand District Municipality and other persons regarding –

(i) any decisions or actions taken in the implementation of the supply chain management system; or

(ii) any matter arising from a contract awarded in the course of the supply

chain management system; or

- (b) To deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- 2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- 3) The person appointed must –
 - (a) Strive to resolve promptly all disputes, objections, complaints or queries received; and
 - (b) Submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.
- 4) A dispute, objection, complaint or query may be referred to the Gauteng Provincial Treasury if –
 - (a) The dispute, objection, complaint or query is not resolved within 60 days; or
 - (b) No response is forthcoming within 60 days.
- 5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.
- 6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

51. CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER

If a service provider acts on behalf of a West Rand District Municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the West Rand District Municipality must stipulate –

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

52. REMEDIES

- 1) Upon detecting that a tenderer has submitted false information regarding a specific goal as may be required, the organ of state must-
 - (a) Inform the tenderer accordingly;
 - (b) Give the tenderer an opportunity to make representations within 7 days as to why –
 - (i) the tender submitted should 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;
 - (c) If the successful tenderer subcontracted a portion of the tender to another person without disclosing it, the tenderer should be penalized up to a maximum of 10 percent of the value of the contract;
 - (d) If it concludes, after considering the representations referred to in sub regulation (1)(b), that such false information was submitted by the tenderer -
 - (i) disqualify the tenderer or terminate the contract in whole or in part; and
 - (ii) if applicable, claim damages from the tenderer;
- 2) An organ of state must notify National Treasury in writing of in terms of 34.1(d).
- 3) The National Treasury may –
 - (a) After considering the representations of the tenderer and any other relevant information, decide whether to restrict the tenderer from doing business with any organ of state for a period not exceeding 10 years; and
 - (b) Maintain and publish on its official website a list of restricted suppliers.

53. SERVICE PROVIDERS APPOINTED THROUGH A PANEL

- 1) The municipality reserves the right to establish panels for the procurement of goods or services, including construction-related projects.
- 2) The process for allocating work to panelists shall be determined by the specifications or terms of references as outlined by the municipality.

- 3) Notwithstanding the provisions in section 52.2 above, the Accounting Officer retains the authority to approve a deviation from the established process for justifiable grounds, including but not limited to the circumstances described below, and may appoint any of the panelists without strictly adhering to the process established by the specifications or terms of reference for:
 - a) Emergency situations;
 - b) Complex projects or services; and
 - c) Any other reason deemed necessary and justifiable.
- 4) The deviation shall include a clear rationale and the specific circumstances justifying such action.
- 5) All deviations relating to this clause shall be documented for audit purposes.

54. CANCELLATION OF A TENDER

- 1) The municipality may before the award of a tender, cancel a tender or bid invitation, if:
 - (a) There have been changes in circumstances, i.e. there is no longer a need for the goods or services as specified in the invitation;
 - (b) Funds are no longer available to cover in part, or the total envisaged expenditure;
 - (c) No acceptable tender is received;
 - (d) There is material irregularity in the tender process; or
 - (e) There is material flaws in the specifications.
- 2) The decision to cancel a tender invitation in terms of section 54.1 must be published the same manner in which the original tender or bid invitation was advertised.

55. STRIP AND QUOTE

All service providers appointed into a panel for vehicle maintenance may be requested to do stripping, diagnostics and quote the municipality as and when required. If the vehicle is booked at the service provider's premises for stripping, the purchase order will not be automatically issued to the stripping service provider until internal financial considerations have been made in terms of the WRDM internal processes. All strip and quote requests must be approved by the Chief Financial Officer.

56. COST CONTAINMENT

This policy must be read in conjunction with the Cost Containment Policy of the West Rand District Municipality and the guidelines of Government Gazette No. 42514 of 7 June 2019

57. COMMENCEMENT

This policy takes effect from the date of adoption by Council.