MOGALE CITY LOCAL MUNICIPALITY

SUPPLY CHAIN MANAGEMENT POLICY

In terms of

MUNICIPAL FINANCE MANAGEMENT ACT, 2003

2026-2027

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

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Mogale City Local Municipality Supply Chain Management Policy is divided into two (02) sections.

- **Section A – relates to National Treasury Regulations**
- **Section B – relates to Department Trade Industry and Competition (DTIC)**

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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 –

"B-BBEE status level of contribution" means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment."

"Central Supplier Database (CSD)" means **–**

- The single database, hosted and managed by National Treasury that will serve as the source of all supplier information for organs of state.
- The supplier information will be verified with institutions such as the South African Revenue Service, Companies and Intellectual Property Commission, Department of Home Affairs etc.

"Competitive bidding process" means a competitive bidding process referred to in paragraph 12 (1) (d) of this Policy.

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

"Cooperatives" means cooperatives as contemplated in terms of section 7 of the Co-operatives Act 2005 (Act No 14 of 2005)

"Designated sector" means a sector, sub-sector or industry that has been designated by the Department of Trade, Industry and Competition in line with national development and industrial policies for local production, where only locally produced services, works or goods or locally manufactured goods meet to stipulate minimum threshold for local production and content.

"Emergency" means an unexpected and sudden event such as theft or vandalism that must be dealt with urgently as the situation may give rise to:

- Threats to human life, health or safety.
- Threats to interruptions in the provision of essential services to Mogale City communities or customers.
- The threats of major expense to Mogale City.

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

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

"Goods" means all the equipment, machinery, and / or other materials that the supplier is required to supply to the purchaser under the contract.

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

(a) a member of –
  (i) any municipal council.
  (ii) any provincial legislature; or
  (iii) the National Assembly or the National Council of Provinces.

(b) a member of the board of directors of any municipal entity.

(c) an official of any municipality or municipal entity.

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

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

(f) an employee of Parliament or provincial legislature.

(g) an employee of any organ of state as defined in section 239 of the Constitution.

"Invitation to tender" means –

(a) The actual tender documentation that can be obtained from the municipality's website, National Treasury eTender Portal, Government Tender Bulletin and newspapers.

(b) Does not refer to the advertisement placed in any media form or format.

"Local content" means that portion of the bid price, which is not included in the imported content, provided that local manufacture does take place.

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

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

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

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

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(a) the Constitution of the Republic of South Africa, 1996.
(b) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000.
(c) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)
(d) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000).
(e) the Preferential Procurement Regulations, 2022; and
(f) the Social Responsibility Policy.

"**Price**" means an amount of money tendered for goods or services and includes all applicable taxes less all unconditional discounts.
"**Rand value**" mean the total estimated value of a contract in Rand, calculated at the time of the tender invitation.

"**Services"** means that functional services ancillary to the supply of the goods, such as transportation and any other incidental services, such as installation, commissioning, provision of technical assistance, training, catering, gardening, security, maintenance, and other such obligations of the supplier covered under the contract.

"**Small Business Enterprise**" means the Enterprise which satisfies the definition for a micro or small business in terms of the Small Business Act (Act 102 of 1996).

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

"The Act" means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).
"The Regulations" means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005.

"Municipal Cost Containment Regulations", means the Local Government Municipal Finance Management Act,2003, Municipal Cost Containment Regulations,2019.

"Written or verbal quotations" means quotations referred to in paragraph b12(1)(a)(b) of this Policy.
"**Specific goals**" means specific goals as contemplated in section 2(1)(d) of the Act which may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender and disability including the implementation of programmes of the Reconstruction and Development Programmes as published in Government Gazette No.16085 dated 23 November

1994.

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

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

"Tender for income-generating contracts," means a written offer in the form determined by an organ of state and a third part that produces revenue for the organ of state and includes, but not limited to, leasing and disposal of assets and concessions contracts, excluding direct sales and disposal of assets through public auctions.

"**the Act**" means the Preferential Procurement Policy Framework Act,2000 (Act No.5 of 2000).
"**Women business Enterprise**" means the Enterprise which is in the control of one or more women and is at least fifty one percent owned by one or more women who are principals.

"**Youth Business Enterprise**" means Enterprise which is in control of one or more youth (35 years and below) and is at least fifty one percent owned by one or more youth who are principals.

"**Local labour,**" means the South African citizen who permanently reside within the Municipal boundaries and earn wages and allowances that are not more than one and a half times minimum wage established for construction related work.

"Local Business Enterprise" means the Enterprise which has its sole office or head office located within the area under the jurisdiction of the Municipality.

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

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

"Sole Supplier", refers in instances where there is no competition and only one service provider exists

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in the market, with sole distribution rights and/or patent rights or being a sole manufacturer, supplier, or distributer of the goods or services required.

"Strip and quote", relates to 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 (strip) it to determine what is wrong with it. Thereafter a quote is issued.

"Two-envelope bidding", refers to a competitive sealed bidding process where two envelopes are submitted at the same time, the first envelope containing a technical bid and the second envelope containing a priced bid, with the understanding that the first envelope submitted by the bidders will be opened and the bids evaluated before the second envelope submitted by the bidders who have qualified are opened and evaluated.

"**Grey listing**", 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 municipality for a period not exceeding 12 months or a financial year.

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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 Mogale City Local Municipality must implement this Policy in a way that –

(a) gives effect to –
  (i) section 217 of the Constitution; and
  (ii) Part 1 of Chapter 11 and other applicable provisions of the Act.

(b) is fair, equitable, transparent, competitive, and cost effective.

(c) complies with –
  (i) the Regulations; and
  (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act.

(d) is consistent with other applicable legislation.

(e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and

(f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

(2) This Policy applies when Mogale City Local Municipality –

(a) procures goods or services.

(b) disposes of goods no longer needed.

(c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or

(d) selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.

(3) This Policy, except 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 government printers.

(b) electricity from Eskom or another public entity, another municipality, or a municipal entity. Including specialized security services to combat vandalism of municipal infrastructure, theft and emergency services.

(c) membership fees payable to professional bodies.

(d) Payments for renewal of existing software license fees, subscription fees, support and maintenance services, including updates, patches, statutory/regulatory upgrades and technical support, where the underlying software solution or system was lawfully procured or lawfully implemented, and where such renewal is necessary to ensure system continuity, data integrity, security, regulatory compliance and uninterrupted municipal service delivery, provided that such renewal does not constitute the procurement of a new system or a material expansion of scope outside the original contract or applicable approval framework.

(e) tuition and enrolment payable through bursaries.

(f) Indigent burial services which may be conducted as per the MLCM Indigent Policy three (3) quotations to be sourced.

(g) Servicing, maintenance and calibration of weighbridge, speed cameras, library information system and various specialized equipment that require calibration.

(h) Maintenance of lifts by Original Equipment Manufacturers.

(i) Non-Standard padlocks for locking electrical infrastructure to avoid tempering, unauthorized access and switching.

(j) ad-hoc repairs (strip and quote) to vehicles, plant, ICT equipment and specialized equipment where

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it is not possible to ascertain the nature or extent of the work required to call for bids, where suppliers will be used on a rotation basis. The user department report must demonstrate a strip and quote cost vs replacement cost analysis.

(k) Membership and subscription fees to professional bodies and any training provided by such bodies for purposes of obtaining continuous professional development points.

(l) MFMA section 110 (2) appoints will be initiated by Mogale City in line with MFMA Circular 133.

3. Amendment of the supply chain management policy

(1) The accounting officer must –

(a) at least annually review the implementation of this Policy; and

(b) when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the Council.

(2) If the accounting officer submits proposed amendments to the Council that differs from the model policy issued by the National Treasury, the accounting officer must –

(a) ensure that such proposed amendments comply with the Regulations; and

(b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.

(3) When amending this supply chain management policy, the need for uniformity in supply chain practices, procedures, and forms between organs of state in all spheres, particularly promoting accessibility of supply chain management systems for small businesses must be taken into account.

4. Delegation of supply chain management powers and duties

(1) The Council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –

(a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –

i) Chapter 8 or 10 of the Act and

ii) this Policy.

(b) to maximize administrative and operational efficiency in the implementation of this Policy.

(c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favoritism, and unfair and irregular practices in the implementation of this Policy; and

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(d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.

(2) Sections 79 and 106 of the Act apply to the sub delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).

(3) The accounting officer may not sub delegate any supply chain management powers or duties to a person who is not an official of Mogale City Local Municipality or to a committee which is not exclusively composed of officials of the municipality.

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

5. Sub delegations

(1) The accounting officer may in terms of section 79 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) of this paragraph and paragraph 4 of this Policy.

(2) The power to make a final award –

(a) above R10 million (VAT included) may not be sub delegated by the accounting officer.

(b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub delegated but only to –

i) the chief financial officer.

ii) a bid adjudication committee (BAC) of which the chief financial officer is a member; or

(c) not exceeding R2 million (VAT included) may be sub delegated but only to –

(i) the chief financial officer.

(ii) a bid adjudication committee of which the chief financial officer is a member.

(3) An official or bid adjudication committee to which the power to make final awards has been sub delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including–

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

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

(7) No supply chain management decision-making powers may be delegated to an advisor or consultant. 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 must –

(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

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municipal entity under the sole or shared control of the municipality, to the council of the 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 Executive Mayor.

(4) The accounting officer must, at the end of each quarter, submit a report to Council on all contracts awarded with their expiry dates.

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

7. Supply chain management section

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

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

8. Training of supply chain management officials

The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training, South African Qualifications Act (SAQA), Skills Development Act and best practices

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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; and

(v) performance management.

Part 1: Demand management

10. System of demand management

(1) The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan (IDP).

(2) The demand management system must –

(a) include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost.

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

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

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

(e) 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. SCM Section must perform hand-in-hand with user departments in the

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formulation of procurement plans.

(f) Annual approved procurement plan will be submitted in line with Gauteng Provincial Treasury requirements by not later than 31 July of each year.

Part 2: Acquisition management

11. System of acquisition management

(1) The accounting officer must implement the system of acquisition management set out in this Part in order to ensure –

(a) that goods and services are procured by Mogale City Local Municipality in accordance with authorized processes only.

(b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act.

(c) that the threshold values for the different procurement processes are complied with.

(d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation.
and

(e) that any Treasury guidelines on acquisition management are properly taken into account.

(2) When procuring goods or services contemplated in section 110(2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including -

(a) the kind of goods or services; and

(b) the name of the supplier.

12. Range of procurement processes

(1) A supply chain management policy must, subject to regulation 11(2), provide for the procurement of goods and services by way of-

(a) verbal quotations, up to a transaction value of R2 000 (VAT included), petty cash purchases may be incurred up to a maximum value of R500.

(b) Three (3) written quotations for procurements of a transaction value over R2 001 up to R30 000 (VAT included).

(c) Formal written price quotation for procurements of a transaction value over R30 001 up to R300 000(VAT included); and

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(d) a competitive bidding process for–

(i) procurements above a transaction value of R300 001 (VAT included); and

(ii) the procurement of long-term contracts.

(2) The accounting officer may, in writing-

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

(b) direct that –

(i) written or verbal quotations be obtained for any specific procurement of a transaction value which are R2 000 and below.

(ii) formal written price quotations be obtained for any specific procurement of a transaction value which are R 30 000 and below.

(iii) request for quotations advertised on the website for any specific procurement of a transaction value between R 30 001 and R 300 000; or

(iv) a competitive bidding process be followed for any specific procurement of a transaction value above than R300 001.

(3) Goods or services **must 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, 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 –

(a) has furnished that provider's –

(i) full name.

(ii) identification number or company or other registration number; and

(iii) tax reference number and VAT registration number, if any.

(b) tax status on the central supplier database (CSD) reflects as compliant and/or the supplier has authorized Mogale City Local Municipality via a tax pin to confirm with the South African Revenue Services that the provider's tax matters are in order; and

(c) has indicated –

(i) whether he or she is in the service of the state or has been in the service of the state in the previous twelve months.

(ii) if the provider is not a natural person, whether any of its directors, managers, principal

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

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

(d) Only valid quotations and bids may be considered. Bidders should be requested to:

(i) submit quotations valid for a period of 30 days.

(e) in cases of quotations advertised on the website, submit quotations valid for 60 days.

(f) The validity period for quotation documents shall be extended once only.

(i) An extension of bid validity should be requested in writing from all bidders before the expiry date.

(ii) Bidders who did not respond to the request of extension will not be disqualified but will be evaluated based on the original document submitted.

(iii) Bidder who declines such a request shall not be considered further in the quotation evaluation process.

(iv) in cases of tenders, bidders should be required to submit bids valid for a period not exceeding 90/120 days.

14. Lists of accredited prospective providers

(1) Mogale City will transact only with vendors registered on the National Treasury central supplier database (CSD). Vendors not registered on the National Treasury central supplier database will be barred from transacting with MLCM for transactions above R2000 (VAT Inclusive).

(a) 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.

(b) 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 National Treasury Central Supplier database prior to awarding any quotation and contract.

(2) Mogale City Local Municipality uses Central Supplier Database as its database in which to procure goods and services from the following:

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(a) Suppliers must in each tender submission provide their CSD MAAA number Or Central Registration Report.

(b) No contract will be awarded without the CSD Registration Report that is Tax complaint.

(i) The CSD Registration Report must be printed and must indicate Tax Complaint before award of both quotations and tenders.

15. Petty cash purchases (R0 to a maximum transaction value of R 500)

(Please note that this portion is not applicable to salary and wage pay outs made from petty cash through the Salary office)

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

(a) The relevant delegated official to authorize all petty cash purchases, up to a maximum of R 500 per transaction and up to a maximum of R 2 000 per month per section with a maximum of R 10 000 per department per month.

(b) A monthly reconciliation report from each Executive Manager must be provided to the Chief Financial Officer, including –

(i) the total amount of petty cash purchases for that month for the relevant department per manager/section; and

(ii) receipts and appropriate documents for each purchase to be provided to Expenditure Section for re-imbursement.

(c) A quarterly report from the Chief Financial Officer must be provided to the Finance Portfolio Committee on the total amount of petty cash purchases per Department.

(d) If any department or section does not comply with the abovementioned or any other requirements from the Expenditure Section, the Chief Financial Officer to terminate their option to procure through petty cash.

16. Written or verbal quotations

16.1 Written quotations (R 2 001 to R 30 000)

The conditions for the procurement of goods or services through written quotations are as follows:

(a) Quotations must be obtained from at least three different providers registered with National Treasury central database, as set out in paragraph 14(1)(a) and (b) of this Policy, for procurement requirements between R 2 001 and

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R 30 000.

(b) to the extent feasible, providers must be requested to submit such quotations in writing on their letterheads.

(c) 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) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and

(e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

16.2 Verbal quotations (0 to R 2 000)

The conditions for the procurement of goods or services through written or verbal quotations, are as follows:

(a) a verbal quotation must be obtained from at least one service provider for the procurement of goods and services of a transaction value lower than R 2 000.

(b) if a quotation was submitted verbally, the order must be placed only against written confirmation by the selected provider:

a monthly reconciliation report from each Department must be provided to the chief financial officer for all the procurement of goods below R 2 000 for which only one quotation was obtained.

17. Formal written price quotations (R 30 001 to R 300 000)

(1) The conditions for the procurement of goods or services through formal written price quotations, are as follows:

(a) quotations must be obtained in writing from at least three different providers whose names appear on the Central Data Base (CSD).

(b) quotations must not be obtained from providers who are not registered with National Treasury Central Supplier database.

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

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officer, and

(d) the accounting officer must record the names of the potential providers and their written quotations.

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

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

The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations is as follows:

(a) when using the list of Central Supplier Database (CSD), the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis.

(b) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven (7) days on the website and an official notice board of Mogale City Local Municipality.

(c) offers received must be evaluated on a comparative basis taking into account unconditional discounts.

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

(e) offers below R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability, and capability to deliver the goods and services and lowest price, offers below R30 000 (VAT included) must comply with paragraph 18 (f-i) below.

(f) bids with a rand value equal to, or above R 30 001 will be subjected to the preference points system in terms of the specific goals requirements in the Preferential Procurement Regulations, 2022 and the principles in the 1996 Reconstruction and Development Program as gazetted.

(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 quotation/tender with a Rand value equal to or above R30 000 and up to a Rand

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value of R300 000, inclusive of all applicable taxes.

(h) The following formula will be applied:

$$Ps = 80\left(1 - \frac{Pt \quad P\,min}{P\,min}\right)$$

Where

Ps = Points scored for price of tender under consideration

Pt = Price of tender under consideration

Pmin= Price of lowest acceptable tender

(i) Thereafter, price points will be added to the specific goal points (as may be determined) in order to ascertain the highest procurement points scorer.

(j) Record of approved specifications, advert, minutes of the evaluation and approval memos must be kept on file for audit purposes.

19. Competitive bids

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

(2) No requirement for goods or services above an estimated transaction value of R300 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

20. Process for competitive bidding

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

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

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

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

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

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

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

(g) Administration of contracts

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

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agreement.

(h) Proper record keeping

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

21. Bid documentation for competitive bids.

(a) The criteria to which bid documentation for a competitive bidding process must comply and take into account the following:

(i) the general conditions of contract and any special conditions of contract, if specified.

(ii) The specific goal in the invitation to submit the tender for which a point may be awarded, and the number of points will be awarded to each goal, and proof of claim for such goal.

(iii) any Treasury guidelines on bid documentation; and

(iv) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure.

(b) If it is unclear whether 80/20 or 90/10 preference point system applies, the tender document must stipulate in the case of:

(i) An invitation for tender for income-generating contracts, that either the 80/20 or 90/10 preference point system will apply and that the highest acceptable tender will be used to determine the applicable preference point system; or

(ii). Any other invitation for tender, that either 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference system.

(c) include the preference points system to be used, specific goals as contemplated in the Preferential Procurement Regulations, 2022 and evaluation and adjudication criteria, including any criteria required by other applicable legislation.

(d) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted.

(e) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–

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

(aa) for the past three years; or

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

(ii) a certificate signed by the bidder certifying that the bidder has no undisputed

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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

(f) 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 newspaper commonly circulating locally, National Treasury eTender Portal and the website of Mogale City Local 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 the eTender portal, MCLM website and may use the Tender Bulletin, subject to subparagraph (22.2) of this policy.

(ii) a statement that bids must only be submitted on the bid documentation provided by the Mogale City Local Municipality. Bid documents must not be re-typed and no bids where correction fluid/tippex is used in critical areas of the bid document, such as the pricing schedule and/or regulatory compliance documents will be accepted. Any corrections are to be crossed out and initialed. Non-initialed corrections will render the bid invalid; and

(iii) date, time and venue of any proposed site meetings or briefing sessions are applicable. Where applicable, briefing/site meetings are compulsory in Mogale City Local Municipality to ensure clarity and that all bidders are treated fairly and

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equitably. As these are compulsory site inspections, the bidder will be disqualified if the contractor (who is considered to be a technical representative) has not attended this session.

(iv) on the i-Tender website of the CIDB for construction procurement related transactions.

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

(3) Bids submitted must be sealed and should be marked clearly with the bid number and description.

(4) Where bids are requested in electronic format on a USB which is PDF formatted that is uneditable, such bids must be supplemented by sealed hard copies.

(5) Where a compulsory or non-compulsory briefing session or site meetings is required, the following procedure will apply:

(a) A determination will be made at Bid Specification Committee (BSC) as to the need for a briefing session and whether it must be compulsory or non-compulsory.

(b) the BSC Chairperson will also chair the briefing session, should the chairperson not be available for the briefing session the members of the BSC may appoint an acting chairperson for the briefing session

(c) SCM section will develop the briefing session presentation and obtain input from user department as it relates to all technical/functional inputs.

(d) SCM section will also manage all the administrative duties pertaining to the briefing session.

(e) In the case of a Joint Venture/Consortium, at least one Director must be in attendance either in his capacity as an individual company or JV/Consortium capacity if already formed.

(6) All tender clarifications/queries must be emailed to one portal (SCMEnquiries@mogalecity.gov.za) where SCM will receive bidder queries, develop a response (in consultation with relevant user department) and communicate the response to all

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bidders. This will ensure consistency, transparency, and fairness in the procurement process.

(7) Communication with bidders before the closing date:

(a) The budget holder must approach the Bid Specification Committee or Municipal Manager, if necessary, to consider authorisation in writing, of communication with bidders prior to bids closing.

(b) The Municipality is entitled to amend any bid condition, validity period, specification or plan, or extend the closing date of such a bid or quotation before the closing date, provided that such amendments or extensions are advertised and/or where possible, that all bidders to whom bid documents have been issued, are advised in writing per e-mail of such amendments or of the extension clearly reflecting the new closing date and time. For this reason, officials and authorised service providers issuing bids shall keep a record of the names, addresses and contact numbers of the persons or enterprises to whom bid documents have been issued.

(c) All amendments must be approved by the Accounting Officer and be presented to Bid Specification Committee prior to the closing date of the bid invitation.

23. Procedure for handling, opening, and recording of bids.

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

(a) Bids–

(i) must be opened only in public by SCM officials in the presence of the bidders.

(ii) An official shall date-stamp the bid or quotation and all enclosures related to prices, delivery periods and special conditions.

(iii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and

(iv) received after the closing time should not be considered and returned unopened immediately.

(b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price.

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

(d) The accounting officer must –

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

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(ii) record in a register that an original, duplicate copy and electronic copy (as applicable) was received.

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

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

24. Negotiations with preferred bidders

(1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process or price quotations as preferred bidders, provided that such negotiation –

(a) does not allow any preferred bidder a second or unfair opportunity.

(b) is not to the detriment of any other bidder; and

(c) does not lead to a higher price than the bid as submitted.

(2) The accounting officer delegate the negotiations with the bidder(s) for price quotations to the SCM Manager and competitive bidding to the Chairperson of the bid adjudication committee.

(3) A technically knowledgeable representative from the user-department may where necessary and at the sole discretion and approval of the accounting officer be invited to attend negotiations for the purpose of providing technical advice.

(4) Minutes and an attendance register of such negotiations must be kept for record purposes.

(5) The negotiation period shall commence before the appointment of the preferred service provider/s and where necessary will be ongoing for a maximum duration of six (6) months. During this period, the parties will engage in good faith discussions to finalise all outstanding terms and conditions relating to the agreement while the contract implementation is underway.

It is expressly noted that the service provider reserves the right, at its sole discretion, to either accept or decline the outcome of the negotiations within the stipulated timeframe. Should the parties fail to reach a mutually acceptable agreement within the six-month period, either party may elect not to proceed further without incurring any obligation, unless otherwise agreed in writing.

(6) No unauthorised communication with bidders and prospective providers:

(a) where bids and quotations have been submitted to the municipality, a bidder must not communicate with any councilor and official on any matter regarding his/her bid, quotation or offer other than a notice of withdrawal.

(b) No municipal personnel may communicate with a bidder or any other party who has an interest in a bid, during the period between the closing date for the receipt of the bid or quotation (or date of receipt of an offer), and the date of notification of the successful

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bidder of acceptance of his/her bid, quotation or offer. Every such case of unauthorised communication shall forthwith be reported to the Municipal Manager as well as the chairperson of the Bid Adjudication Committee. A bid or quotation in respect of which unauthorised communication has occurred may be disqualified.

25. Two-stage bidding process

(1) A two-stage bidding process is allowed for –

(a) large complex projects.

(b) projects where it may be undesirable to prepare complete detailed technical specifications; or

(c) long term projects with a duration period exceeding three years.

(2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.

(3) In the second stage final technical proposals and priced bids are invited from only the bidders who submitted proposals.

(4) A two envelope Bidding process

(a) In the event where a two-envelope bidding process is used, BEC should not have access to financial proposals until the technical evaluation is completed.

(b) Financial proposals should be kept sealed and opened only after the technical evaluation is complete and only open price envelopes of those bids that achieve the minimum qualifying score as stipulated in functionality.

(c) Initially, only the technical proposals are opened and evaluated by BEC to ensures that bidders meet all the necessary technical criteria.

(d) Before opening the price proposal envelope, all bidders that meet the technical criteria will be invited for price proposal envelope opening to ensure that the requirement of public opening is achieved.

(e) Thereafter the price proposal and specific goals will be evaluated by BEC.

26. Committee system for competitive bids

(1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:

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(a) a bid specification committee.

(b) a bid evaluation committee; and

(c) a bid adjudication committee.

(2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act which excludes Councilors from serving on any SCM committee; and

(3) 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.

(4) The accounting officer may co-opt members to assist with the technical evaluation of bids, such members can only make recommendations.

(5) The committee system must be consistent with –

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

(b) any other applicable legislation.

(6) All committee members must annually declare their financial interest to the accounting officer.

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

(8) The formation and processes within each committee shall be undertaken through the approved Bid Committee Charter.

(9) For each bid committee to proceed with its business a quorum of 51 percent and more of the members must be present. Apologies of other members must be recorded and reported.

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27. Bid specification committees.

(1) The Accounting Officer may establish more than one permanent Bid Specification Committees which are constituted as stipulated in section 27(4).

(2) A Bid Specification Committee must compile the specifications for each procurement of goods or services by the Mogale City Local Municipality.

(3) Specifications –

(a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services.

(b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organization, or an authority accredited or recognized by the South African National Accreditation System with which the equipment or material or workmanship should comply.

(c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design.

(d) must determine the relevant criteria that will be used as a scorecard to monitor and evaluate supplier performance in delivering against the defined scope and technical requirements specified, such must, as a minimum include:

(i) Key Performance Areas.

(ii) Key Performance Indicators.

(iii) Scoring Guidelines.

(v) Portfolio of Evidence (POE).

(vi) Consequences for poor or non-performance i.e. penalties and as further stipulated in section 42(4) of this SCM policy

(e) 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.

(f) may not make reference to any particular trademark, name, patent, design, type, specific origin, or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “approved equivalent”.

(g) Certifying documents will not be used as a disqualifying criterion, Mogale City reserve the right to perform due diligence on the documents submitted by the preferred bidder.

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(h) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2022; and

(i) must be approved by the accounting officer or his/her delegate prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.

(4) A bid specification committee must be composed of SCM officials, one or more officials of Mogale City Local Municipality preferably the Executive Manager/ delegate responsible for the function involved, and may, when appropriate and at the discretion of the Accounting Officer, include external specialist advisor and independent probity audit assurance representative.

(5) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

(6) Confidentiality agreement must be signed by all members of the BSC before commencement of the meeting.

28. Bid evaluation committees.

(1) A bid evaluation committee must –

(a) evaluate bids in accordance with –

(i) the specifications for a specific procurement; and

(ii) the points system set out in terms of paragraph 27(3)(h).

(iii) Unconditional discounts must be taken into account for evaluation purposes; and

(iv) Conditional discounts must not be taken into account for evaluation purposes but should be implemented when payment is affected.

(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 before the recommended bidder can be appointed.

(d) Verify if the recommended bidder is not in employment of the state through the National Treasury's Central Supplier Database.

(e) SCM Official may verify or conduct due diligence as practically as possible on the submitted references and other applicable documentation.

(f) Submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matters which include:

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

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of-

(a) officials from departments requiring the goods or services.

(b) at least one supply chain management practitioner of Mogale City Local Municipality.

(c) Internal Audit or appointed technical expert representative who will conduct (where appropriate and at the discretion and approval of the Accounting Officer) an independent probity audit of the process for tenders above R50 million. This process must start at BSC stage. As per paragraph 27(4).

(d) The appointed bid evaluation committee and relevant user department must perform general acceptability, technical/functional and price evaluation of the bids.

29. Bid adjudication committees.

(1) A bid adjudication committee must –

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

(i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or recommendation as per 28/(2) (c) upon Accounting Officer approval.

(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 Mogale City Local Municipality which must include –

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

(b) at least one senior supply chain management practitioner who is an official of Mogale City Local Municipality; and

(c) a technical expert in the relevant field who is an official of Mogale City Local Municipality.

(d) The members of the Bid Evaluation Committee, or their delegates, may be present at the Bid Adjudication Committee meetings [to present the reports to the Committee and assist in] to clarify issues that were dealt with in the Bid Evaluation Committee meetings and will

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have no voting rights whatsoever. This must be documented in the minutes of the bid adjudication committee.

(2) 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.

(3) 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.

(4) 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.

(5) The accounting officer may –

(a) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (29.4); and

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

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

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

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

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the advertisement is placed in a newspaper, National Treasury eTender Portal and the website of Mogale City Local Municipality or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin) in terms of paragraph 22(1).

(4) Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

31. Procurement of IT related goods or services

(1) The accounting officer may request the State Information Technology Agency (SITA), or Provincial and National Treasury to assist with the acquisition of IT related goods or services through a competitive bidding process.

(2) Both parties may enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.

(3) The accounting officer may notify SITA, or Provincial and National Treasury together with a motivation of the IT needs if:

(a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or

(b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).

(4) If SITA, or Provincial and National Treasury 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. 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:

(a) The contract has been secured by that organ of state by means of a competitive bidding process applicable to that other organ of state.

(b) There is no reason to believe that such a contract was not validly procured.

(c) There is demonstrable discounts or benefits to do so.

(d) The other organ of state and the service provider have consented to such procurement in writing.

(2) Subparagraphs (1)(b) and (c) do not apply if –

(a) a municipal entity procures goods or services through a contract secured by its

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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) The accounting officer should satisfy himself that the applicable procurement processes were followed by obtaining any other information, including but not limited to, bid advertisement; approved bid evaluation report and minutes; approved bid adjudication report and minutes; the bid is not classified as irregular expenditure; acceptance letter; and service level agreement/ MBD 7.2 or signed bid document from the other organ of state.

(4) The Supply Chain Manager should verify the documents from other organ of state and submit the report to the office of the CFO for recommendations and for Accounting Officer's approval.

33. Transversal Contracts

(1) Provisions of Treasury regulations must be followed when an institution wants to participate on the transversal contract arranged by national treasury.

(2) Should the Accounting Officer opt to participate in the transversal term contracts facilitated by the national treasury, the Accounting Officer may not solicit bids for the same or similar products or service during the tenure of the transversal contract.

34. Procurement of goods necessitating special safety arrangements

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

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

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 R300 001 (VAT included); or
b) the duration period of the contract exceeds one year.

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(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 Mogale City Local Municipality.

(5) An accounting officer must adopt a fair and reasonable remuneration framework for consultants taking into account the rates -

(a) determined in the "Guideline on fees for audits undertaken on behalf of the Internal Auditing by the South African Institute of Chartered Accountants.

(b) set out in the "Guide on Hourly Fee Rates for Consultants ", issued by the Department of Public Service and Administration; or

(c) as prescribed by the body regulating the profession of the consultant.

(6) The tender documentation for the appointment of consultants must include a clause that the remuneration rates will be subject to negotiation, not exceeding the applicable rates mentioned in subparagraph (5).

(7) When consultants are appointed, an accounting officer must -

(a) appoint consultants on a time and cost basis with specific start and end dates.

(b) ensure that contracts with consultants include overall cost ceilings by specifying whether the contract price is inclusive or exclusive of travel and subsistence disbursements.

(8) All contracts with consultants must include a fee retention or penalty clause for poor performance.

(9) Mogale City Local Municipality must ensure that the specifications and performance are used as a monitoring tool for the work to be undertaken and are appropriately recorded and monitored.

(10) The travel and subsistence costs of consultants must be in accordance with the national travel policy issued by the National Department of Transport, as updated from time to time.

(11) The contract price must specify all travel and subsistence costs and if the travel and subsistence costs for appointed consultants are excluded from the contract price, such costs must be reimbursed in accordance with the national travel policy of the National Department of Transport.

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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:

(1) Circumstances that warrant emergency dispensation, includes but are not limited to -
(i) the possibility of human injury or death.
(ii) the possibility of damage to property.
(iii) failure to take necessary action may result in the municipality not being able to render an essential community service.
(iv) the interruption of services related to communication facilities or support services critical to the effective functioning of the municipality as a whole; or
(vi) the eminent possibility of serious damage occurring to the natural environment.

(2) The prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, in order to allow time for the formal tender process -

- vandalism, theft, pipe burst and sewer spillage causing health hazards to community.

(ii) if such goods or services are produced or available from a single 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 where it is impractical or impossible to follow the official procurement processes, includes but not limited to:

- Conclusion of already commenced tender process, transition period and implementation to ensure service delivery continuity.

(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 (a) (i-v), must only be done with suppliers that are fully compliant on the Central Supplier Database (CSD) at the time of deviating.

(d) All documentation relating to a deviation must be submitted to the supply chain management Division timeously, and in the case of an expo-facto (emergency deviation) no later than 3

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working days after the incident had occurred, subject to paragraph (c) 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/ quarterly of the council and include as a note to the annual financial statements.

(3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in regulation 2 (3) of this policy.

37. Unsolicited bids

(1) In accordance with section 113 of the MFMA 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 MFMA to consider an unsolicited bid, only if –

(a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept.

(b) the product or service will be exceptionally beneficial to or have exceptional cost advantages.

(c) the person who made the bid is the sole provider of the product or service; and

(d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.

(3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –

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

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

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

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

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(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 municipality to the bid may be entered into or signed within 30 days of the submission.

38. Combating of abuse of supply chain management system

(1) The accounting officer must–

(a) take all reasonable steps to prevent abuse of the supplychain management system.

(b) investigate any allegations against an official or other role player of fraud, corruption, favoritism, unfair or irregular practices or failure to comply with this Policy, and when justified –

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

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

(iii) Consequence management process to be followed as per relevant MCLM Policies.

(c) check the National Treasury's database and CSD 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 and not award to the preferred bidder/s–

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

(ii) who during the last five years has failed to perform satisfactorily on a previous contract with the Mogale City Local 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

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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 Mogale City Local 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 been cited or investigated for misconduct by any state institution/s and such process has not been concluded by the relevant sphere of government.

(iv) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or

(v) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

(2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs 38. (1)(b)(ii), (e) or (f) (g) of this policy.

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Part 3: Logistics, Disposal and Performance Management

39. Logistics management

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

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

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

(i)New stock items must be submitted with a minimum and maximum quantities by the Departments to Manager Supply Chain Management for approval before created on the system.

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

(i) Purchase orders will be created with reference to requisitions where the supply source is either bids or quotation:

(ii) All purchase orders will be captured on the current financial system and hand order generated in case of emergency.

(iii) In respect of goods and services no work shall commence, or goods be delivered before an official order has been placed with the supplier, except in case of emergency.

(iv) Mogale City Local Municipality shall not be liable for payment for any goods delivered or services rendered in contravention of clause 39(c) (iii) above.

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

(i) deliveries of goods may not exceed the order quantity. Short deliveries will keep the purchase order open until the balance of the order is received or cancelled.

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

(i) goods will be issued from stock with the requisition approved by the delegated authority.

(ii) purchase orders will be created, where applicable, with reference to stock replenishment requisitions in respect of term supply contracts of goods.

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

(g) stock is valued on the weighted average costing method and is vat exclusive.

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

(i) Check the National's Treasury's Database of Restricted Suppliers and Register for Tender Defaulters prior to awarding any order to ensure that no recommended bidder, or any of its directors is listed as a person prohibited from doing business with the public sector.

(j) Where goods or service is procured from a sole supplier, proof confirming that the company is a sole supplier.

40. Disposal management

(1) The criteria for the disposal or letting of assets, including unserviceable, redundant, or obsolete

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assets, subject to sections 14 and 90 of the Act, are as follows:

(a) Every head of department shall report to the chief financial officer on 31 October and 30 April of each financial year on any fixed assets which such head of department wishes to have written off, stating in full the reasons for such recommendation.

(b) The chief financial officer shall consolidate all such reports and submit a recommendation to the Council on the fixed assets to be written off.

(c) assets may only be disposed of as approved by Council.

(d) assets stolen or damaged beyond repair, and replaced by the Broker or from the Insurance Fund, may be written off as approved by the Insurance Portfolio and reported annually to the Council.

(e) all the requirements as per the approved Fixed Asset Management Policy must be adhered to for the disposal or letting of assets.

(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.

(d) destroying the asset, or

(e) donation of the assets (as approved by Council).

(3) The accounting officer must ensure that –

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

Only council resolved items will be accepted by the SCM section for tender/auction process.The copy of the valuation certificate, zoning certificate and council resolution and all other documents pertaining to the sale of land must accompany the request for the sale of the mentioned land/property.

- 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 (VAT inclusive):

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

- 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 (VAT inclusive):

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

(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.

(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 Accounting Officer must implement an effective system of risk management for the identification, consideration, and avoidance of potential risks in the supply chain management system as per Council's Risk Management Strategy, assisted by the risk management and internal audit units. Supply chain management risks must be added to the enterprise risk management process.

(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

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(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, based on a retrospective analysis, whether the authorized supply chain management processes were followed and whether the objectives of this Policy were achieved.

(2) The accounting officer must establish a performance metrics (score card) system to measure performance of external service providers contracted by the municipality for the delivery of goods and services. The performance system must be linked to contract management system and section 116 of the Act. Also refer to section 27(2)(d) of this SCM Policy as well as Supplier Performance Monitoring and Evaluation (SPME) Policy.

(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 Mogale City Local 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) Subparagraph 42.4 above will only be invoked where written and/or documentary evidence is submitted to Supply Chain Management section and approved by accounting officer to ensure application is fair, equitable and transparent.

(6) For urgent orders that are issued through panels, and which need to be fulfilled within 24 to 72 hours as may be determined, the following will apply:

- if a bidder who scored the highest procurement points is unable to honour the order within the specified the period, Mogale City Local Municipality may cancel the order and move to the second-highest procurement points scorer, and so forth.

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Part 4: Other matters

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

(1) No award 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 central supplier database whether that person's tax matters are in order.

(3) Where a supplier does not submit a tax compliance status PIN but provides a CSD number, the accounting officer should utilize the CSD number via its website www.csd.gov.za to access the supplier records and verify tax compliance status.

(4) Where goods and services are procured from foreign suppliers with tax obligations in South Africa, proof of tax compliance status should be obtained from the supplier.

(5) Where the recommended bidder is not tax compliant, the bidder should be notified of their non-compliant status and the bidder must be requested to submit to the municipality or municipal entity, within 7 working days, written proof from SARS of their tax compliance status or proof from SARS that they have made an arrangement to meet their outstanding tax obligations.

(6) The accounting officer should reject a bid submitted by the bidder if such a bidder fails to provide proof of tax compliance status within the timeframe stated above.

(7) Where goods or services have been delivered satisfactorily without any dispute, accounting officers should not delay processing payment of invoices due to outstanding tax matters.

44. Surety and Retention

(1) Surety

Surety guarantee the performance of the contractor according to the plans and specifications. The client is guaranteed compensation for any financial losses should the contractor fail to construct according to the contract.

(a) Mogale City Local Municipality shall request the prospective bidder to provide a surety in all their infrastructure project in line with the CIDB requirements.

(2) Retention

Retention is a guarantee against defective workmanship or materials after the completion of a construction project:

(a) Retention on Infrastructure contracts should be determined in line with construction standards as prescribed in terms of CIDB practices.

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(b) Retention in respect of the procurement of goods and services will not generally be called for, but where required, will be in accordance with CIDB practice.

45. Preference point system 80/20 and 90/10

1) 80/20 preference point system for acquisition of goods or services with Rand value equal to or below R50 million

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

$$Ps = 80(1 - \frac{Pt - Pmin}{Pmin})$$

Where

Ps = Points scored for price of tender under consideration.

Pt = Price of tender under consideration; and

Pmin = Price of lowest acceptable tender.

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

b) 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.

c) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points, unless objective criteria or functionality as stipulated in the terms of reference justifies awarding to another tenderer other than the highest scoring.

2) 90/10 preference point system for acquisition of goods or services with Rand value above R50 million

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

$$Ps = 90(1 - \frac{Pt - Pmin}{Pmin})$$

Where

Ps = Points scored for price of tender under consideration.

Pt = Price of tender under consideration; and

Pmin = Price of lowest acceptable tender.

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

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b) 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.

c) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points, unless objective criteria or functionality as stipulated in the terms of reference justifies awarding to another tenderer other than the highest scoring.

3) 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:

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

Where

Ps = Points scored for the price of tender under consideration.

Pt = Price of tender under consideration; and

Pmax = Price of highest acceptable tender.

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

b) 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.

c) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points, unless objective criteria or functionality as stipulated in the terms of reference justifies awarding to another tenderer other than the highest scoring.

4) 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 income-generating contracts, with a Rand value above R50 million, inclusive of all applicable taxes:

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

Where

Ps = Points scored for price of tender under consideration.

Pt = Price of tender under consideration; and

Pmax = Price of highest acceptable tender.

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a) A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender.
b) 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.
c) Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points, unless objective criteria or functionality as stipulated in the terms of reference justifies awarding to another tenderer other than the highest scoring.

5) If there is uncertainty regarding the estimated price and which preference point system will be applicable, then the tender documents should state that either the 80/20 or the 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system."

6) If the price offered by a tenderer scoring the highest points is not market-related, the organ of state may not award the contract to that tenderer subject to the following: -

i) Such market analysis must have been performed prior to the closure of the bid.

ii) Such market analysis must have been performed by someone who is not conflicted in terms of the specific bid that is open.

iii) Such disqualification must be stated as a disqualification in the bid specification document.

7) The accounting officer may-

i) negotiate 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 or cancel the tender.

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 cancel the tender.

iv) If a market-related price is not agreed as envisaged in paragraph (4)(c) above, the organ of state must cancel the tender.

8) Bidders are required to submit supporting documents for their bids to claim the specific goals points.

9) Non-compliance to specific goals will not lead to a disqualification but bidders will not be allocated specific goals points. Bidders will score points out of 90 or 80 for price only and zero (0) points

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out of 10 or 20 for specific goals.

46. Points for specific goals to promote transformation and economic development.

(1) The specific goals may include, but not limited to, the points from the combination of the following goals:

a) Categories of historically disadvantaged persons.
b) Gender (woman owned enterprises).
c) Youth enterprise (enterprise owned by persons younger than 35 years).
d) Rural based businesses (enterprise located and operated by persons from rural areas).
e) Township based businesses (enterprise located and operated in Mogale City Local Municipality township).
f) Disability (enterprises located and operated by disabled persons).
g) Local based (points for locality, etc.)

Points will be as per the table below.

	Number of Points for Preference	
	80/20	90/10
Within the boundaries of the Municipality	10	5
Outside the boundaries of the Municipality, but within the West Rand District Municipality	6	3
Within the boundaries of Gauteng Province	4	2
Outside the boundaries of Gauteng Province	0	0

(2) Any specific goal for which a point may be awarded must be clearly specified in the invitation to submit a tender.

(3) Procurement up to R30 000 will be limited to the application of goals as per subparagraph 45(1)(a) and 45(3)(a) above.

(4) A tenderer failing to submit proof of required evidence to claim preference for other specified goals,

a) May only score in terms of the 80/20, 90/10-point formula for price; and
b) Scores 0 points out of 20/10 of the relevant specific goals where the supplier or service provider did not submit proof of required evidence to claim preference for specific goals.

(5) The preference points scored by a tenderer must be added to the points for the price.

(6) The points scored must be rounded off to the nearest two decimal places.

(7) The contract must be awarded to the tenderer, scoring the highest points, unless objective criteria or functionality as stipulated in the terms of reference justifies awarding to another tenderer other than the highest scoring.

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47. Criteria for breaking deadlock in scoring

(1) If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for specific goals.

(2) If functionality is part of the evaluation process and two or more tenderers score equal total points and equal specific goal points the contract must be awarded to the tenderer that scored the highest points for functionality.

(3) If two or more tenderers score equal total points in all respects, the award must be decided by drawing of lots or toss of a coin or any random selection method to determine the recommended bidder, whether computerized or not. The method selected should be documented and recorded for audit purposes.

48. Remedies

(1) Upon detecting that a tenderer submitted false information regarding a specific goal, or any other matter required in terms of these PPR 2022 and this policy which will affect or has affected the evaluation of a tender, Mogale City Local Municipality must:

a) inform the tender; accordingly, and

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 may be terminated in whole or in part; and

(ii) 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.

(2) After considering the representations referred to in paragraph 1(b), the Municipality may, if it concludes 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.

49. Declarations

(1) A bidder must, in the stipulated manner, declare that:

(a) The information regarding any claim from preference points provided is true and correct.

(b) The signatory to the bid document is duly authorized; and

(c) Documentary proof regarding any bidding issue will, when required, be submitted

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to the satisfaction of the Municipality.

50. Download of bid document

(a) The bidders can download the bid document from e-Tender portal website www.etenders.gov.za or www.mogalecity.gov.za

51. Extension of validity period

(1) An extension of bid validity should be requested in writing from all bidders before the expiry date.

(2) Bidders who did not respond to the request of extension will not be disqualified but will be evaluated based on the original document submitted.

(3) Bidder who declines such a request shall not be considered further in the bid evaluation process.

52. Payment by way of Cession

(1) The municipality shall accept cessionary payment under the following conditions:

a) Signed cessionary agreement between the parties involved.

b) Accounting Officer must consent to the cessionary agreement entered into by the appointed bidder and the 3rd party on behalf of Mogale City Local Municipality.

c) A guarantee issued by FICA registered institution must be provided to Mogale City Local Municipality which will be called upon should the ceded scope of work not be fulfilled by the 3rd party.

d) The guarantee must be valid for three (03) months post the fulfilment of the ceded scope.

e) Portfolio Of Evidence (POE) must be provided as evidence of fulfilment of scope before the expiry of guarantee.

53. Extension/Variation of Scope of Work

1) It is recognized that, in exceptional cases, an accounting officer may deem it necessary to expand or vary the order against the original contract, and thus no extension can be implemented prior approval.

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2) Variation of Scope of Work

2.1 The General Conditions of Contract (as amended from time to time) is applicable to all contracts and shall be adhered to.

2.2 Contract(s) may expand the scope of work with 20% on construction related projects and 15% on goods and services.

2.3 The Accounting Officer must approve such variation submitted by the Executive Director of the relevant department supported by both Supply Chain Management, Legal Services and Chief Financial Officer.

3) **Extension of Contract Period**

3.1 A contract may be extended for a second time. In such circumstances, clear and justifiable reasons must be provided to the Accounting Officer, proving that such an additional extension is beneficial to the municipality. Any such extension may not be approved, if the purpose is to circumvent the competitive bidding mechanisms of the procurement policy. A contract/s appointed through the deviation (section 36) must not be extended.

54. Awards to local person/service provider whose municipal service charges are not in order.

(1) Award may be made to a local person/service provider whose municipal service charges have not been declared by the MCLM to be in order on condition that:

(a) He/she have signed acknowledgement of debt and agreed on the terms of repayment, or

(b) He/she agree that at time of payment of the goods or service provided, MCLM will set-off the amount owing and pay the balance to the service provider.

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

Irrespective of the procurement process followed,

(1) 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 Mogale City Local Municipality on a specific project.

56. 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

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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 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.

57. Cancellation of a tender

(a) Mogale City Local Municipality may before the award cancel the tender if:

1) Due to changed circumstances, there is no longer a need for the goods and services.

2) Funds are no longer available to cover the total envisaged expenditure.

3) No acceptable bids are received.

4)There is evidence of a material irregularity in the tender process.

(b) the decision to cancel al tender must be published in the media in which the tender invitation was advertised.

(c) the decision to cancel a tender for the second time must be approved by the relevant Treasury within the tender validity period.

58. Ethical standards

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

supply chain management system of Mogale City Local 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 Mogale City Local

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Municipality envisaged in section 67(1)(h) of the Municipal Systems Act.

(b) in the case a role player who is not 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 equitable.

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

(e) Notwithstanding subparagraph (2) (c), must declare to the accounting officer details of any reward, gift, favour, hospitability 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 Mogale City Local 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 Mogale City Local 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, favoritism, or unfair conduct,

(ii) any alleged contravention of paragraph 59 (1) of this Policy; and

(iii) any alleged breach of the code of ethical standards.

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

(1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a

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representative or intermediary promise, offer or grant –

(a) any inducement or reward to the municipality or in connection with the award of a contract; or

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

(i) any official; or

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

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

(3) Subparagraph (1) does not apply to gifts less than R350.00 (Incl. VAT) in value. This must be in line with the Gift Policy of Mogale City Local Municipality as applicable and amended from time to time.

60. Sponsorships

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

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

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

61. Objections and complaints

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

62. 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 Mogale City Local 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

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(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.

This paragraph must not be read as affecting a person's rights to approach a court at any time.

63. Contract Management

(1) A contract or agreement procured through the supply chain management system of a municipality or municipal entity must: -

(a) be in writing.

(b) stipulate the terms and conditions of the contract or agreement, which must include provisions providing for:
(i) the termination of the contract or agreement in the case of non or underperformance; (ii) dispute resolution mechanisms to settle disputes between the parties.
(iii) a periodic review of the contract or agreement once every three years in the case of a contract or agreement for longer than three years; and
(iv) any other matters that may be prescribed.

(2) The accounting officer of a municipality or municipal entity must: -
(a) take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity is properly enforced.
(b) monitor on a monthly and quarterly or as and when required basis the performance of the contractor under the contract or agreement.

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(c) establish capacity in the administration of the municipality or municipal entity: -
(i) to assist the accounting officer in carrying out the duties set out in paragraphs (a) and (b); and
(ii) to oversee the day-to-day management of the contract or agreement.

(d) regularly report to the council of the municipality or the board of directors of the entity, as may be appropriate, on the management of the contract or agreement and the performance of the contractor.

(3) A contract or agreement procured through the supply chain management policy of the municipality or municipal entity may be amended by the parties, but only after: -
(a) the reasons for the proposed amendment have been tabled in the BAC and approved by the Accounting Officer of the municipality.
(b) the local community:
(i) has been given reasonable notice of the intention to amend the contract or agreement; and
(ii) has been invited to submit representations to the municipality or municipal entity.

(4) The relevant user department / division takes responsibility for day-to-day management and monitoring of a contract in line with the contractual conditions.

(5) Constant monitoring is essential to ensure that contractual obligations are met and that contracts run with as little disruption as possible.

64. Appeal

(1) A person whose rights are affected by a decision taken by a political structure, political office bearer, councilor or staff member of a municipality in terms of a power or duty delegated or sub-delegated by a delegating authority to the political structure, political office bearer, councilor or staff member, may appeal against that decision by giving written notice of the appeal and reasons to the municipal manager within 21 days of the date of the notification of the decision.

(2) The municipal manager must promptly submit the appeal to the appropriate appeal authority mentioned in subsection (4).

(3) The appeal authority must consider the appeal, and confirm, vary, or revoke the decision, but no such variation or revocation of a decision may detract from any rights that may have accrued as a result of the decision.

(4) When the appeal is against a decision taken by—

(a) a staff member other than the municipal manager, the municipal manager is the appeal authority.

(b) the municipal manager, the executive committee or executive mayor is the appeal authority, or,

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if the municipality does not have an executive committee or executive mayor, the council of the municipality is the appeal authority: or

(c) a political structure or political office bearer, or a councilor-

(i) the municipal council is the appeal authority where the council comprises less than 15 councilors: or

(ii) a committee of councilor's who were not involved in the decision and appointed by the municipal council for this purpose is the appeal authority where the council comprises more than 14 Councilors'.

(5) An appeal authority must commence with an appeal within six weeks and decide the appeal within a reasonable period.

65. Contracts having budgetary implications beyond three financial years.

The municipality may not enter into any contract that will impose financial obligations beyond the three years covered in the annual budget for that financial year except in terms of Section 33 of MFMA unless prescribed otherwise.

66. Contracts providing for compensation based on turnover.

(1) If a service provider acts on behalf of Mogale City Local Municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate –

(c) A cap on the compensation payable to the service provider; and

(d) that such compensation must be performance base

67. Cost Containment

This policy must be read in conjunction with Cost Containment Policy of Mogale City Local Municipality.

68. Engineering Projects (CIDB)

All engineering projects assignments must be reviewed and approved by the Accounting Officer. The following implementation approach must be adhered to:

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(1) Service Providers appointed in the various Engineering Consulting Panels may be considered for works/project assignment.

(2) Detailed scope works must be provided with a list of milestone deliverables, dates, milestone completion certificates, progress payments (in %) until project completion.

(3) Performance monitoring and evaluation of projects will be conducted by the user department Project Manager throughout the project life cycle.

SECTION B

69. Local Production and Content

(1) The Department of Trade Industry and Competition may, in consultation with the National Treasury-

(a) designate a sector, sub-sector or industry or product in accordance with national development and industrial policies for local production and content, where only locally produced services or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content, taking into account economic and other relevant factors; and

(b) stipulate a minimum threshold for local production and content.

(2) An organ of state must, in the case of a designated sector, advertise the invitation to tender with a specific condition that only locally produced goods or locally manufactured goods, meeting the stipulated minimum threshold for local production and content, will be considered.

(3) The National Treasury must inform organs of state of any designation made in terms of regulation 8(1) through a circular.

(4) If there is no designated sector, an organ of state may include,

(a) as a specific condition of the tender, that only locally produced services or goods or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered.

(b) (b) The threshold referred to in paragraph (a) must be in accordance with the standards determined by the Department of Trade and Industry in consultation with the National Treasury.

(5) A tender that fails to meet the minimum stipulated threshold for local production and content is an unacceptable tender.

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The following industries, sectors and sub-sectors have so far been designated for local production with minimum local content thresholds.

Industry/sector/sub-sector	Minimum threshold for local content
Buses (Bus Body)	80%
Textile, Clothing, Leather and Footwear	100%
Steel Power Pylons, Monopole Pylons, Steel Substation Structures, Powerline Hardware, Street Light Steel Poles, Steel Lattice Towers	100%
Canned / Processed Vegetables	80%
Pharmaceutical Products:	
• OSD Tender • Family Planning Tender	• 70% (volumes) • 50% value
Rail Rolling Stock	65%
Set Top Boxes (STB)	30%
Furniture Products:	
• Office Furniture • School Furniture • Base and Mattress	• 85% • 100% • 90%
Solar Water Heater Components	70%
Electrical and telecom cables	90%
Valves products and actuators	70%
Residential Electricity Meter :	
• Prepaid Electricity Meters • Post Paid Electricity Meters • SMART Meters	• 70% • 70% • 50%
Working Vessels/Boats (All types):	60%
• Components	• 10% – 100%
Conveyance Pipes	80% – 100%

Transformers and Shunt Reactors:	
• Class 0 • Class 1 • Class 2 • Class 3 • Class 4	• 90% • 70% • 70% • 45% • 10%
• Components and conversion activities	• 50% – 100%
Solar PV Components:	
• Laminated PV Modules • Module Frame • DC Combiner Boxes • Mounting Structure • Inverter	• 15% • 65% • 65% • 90% • 40%
Two Way Radio Terminals and Associated Equipment:	
• Portable Radio • Mobile Radio • Repeater	• 60% • 60% • 60%
• Components	• 20% – 100%
Rail Signaling:	• 65%
• Components	• 40% – 100%
Wheely Bins:	100%
Fire Fighting Vehicle	30%
• Crew Cabin • Super Structure • Assembly	• 100% • 100% • 100%
Steel Products and Component for Construction	
Steel Value-added Products • Fabricated Structural Steel • Joining/Connecting Components • Frames • Roof and Cladding • Fasteners • Wire Products • Ducting and Structural pipework • Gutters, downpipes & lauders • **Steel Value-added Products** • Plates • Sheets	• 100% • 100% • 100% • 100% • 100% • 100% • 100% • 100% • 100% • 100% • 100% • 100% • 100% • 100% • 100% • 100%

• Galvanised and Colour Coated Coils • Wire Rod and Drawn Wire • Sections • Reinforcing bars	
Pumps, Medium Voltage (MV) Motor and Associated Accessories	70%
• Casting or Frame Fabrication • Fabrication and winding of the Rotor Core • Accessories • Assembly and testing of the fully-built unit	• 100% • 100% • 100% • 100%
Rail Permanent Way	90%
• Rails and rail joints • Ballasts • Ballastless • Turnouts/switches and crossings • Railway sleepers • Rail fastening and accessories • Railway maintenance of way plant & equipment • Assembly and testing of fully build unitst	• 100% • 100% • 100% • 100% • 100% • 100% • 70% • 100%
Plastic Pipes	100%
• Polyvinyl chloride (PVC) pipes • High density polyethylene (HDPE) pipes • Polypropylene (PP) pipes • Glass reinforced plastic (GRP) pipes	• 100% • 100% • 100% • 100%
Air insulated MV Switchgear	50%
• Instrument Transformers • Busbars • Housing • Switching Devices	• 15% • 5% • 25% • 5%
Bulk Material Handling	85%

• Conveyer Idlers • Structural Steel • Rubber • Conveyor Belt • Pulleys	• 70% • 100% • 100% • 100% • 60%
Industrial lead Acid Batteries	50%
Cement	100%
• Cem I • Cem II • Cem III • Cem IV • Cem V • Masonry Cement	• 100% • 100% • 100% • 100% • 100% • 100%

71. Annual submission of procurement plan

Annual procurement plan will be submitted in line with Treasury requirements.

72. Effective Date

This Supply Chain Management Policy is effective from 01 July 2026.

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