



# **CENTRAL KAROO DISTRICT MUNICIPALITY**

## **MUNICIPAL ENTITIES POLICY**

**2019/2020**

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1. **DEFINITIONS AND ABBREVIATIONS:**

- 1.1 **“CKDM”** means the Central Karoo District Municipality, a municipality established in terms of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), or any structure or employee of the CKDM acting in terms of delegated authority;
- 1.2 **“Council”** means the Municipal Council of the CKDM;
- 1.3 **“Companies Act”** means the Companies Act, 2008 (Act No.71 of 2008);
- 1.4 **“Director”** means a director serving on the board of directors of a municipal entity;
- 1.5 **“MAYCO”** means the Mayoral Committee appointed in terms of section 60 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
- 1.6 **“MFMA”** means the Local Government: Municipal Finance Management Act, 2003 (Act No.56 of 2003);
- 1.7 **“Municipal Entity”** means a municipal entity referred to in section 868 (1) of the Systems Act;
- 1.8 **“Municipal Representative”** means a council or an official of the CKDM, or both who has been designated as such in terms of Section 930 of the Systems Act to -
- (a) represent the City as a non-participating observer at meetings of the board of directors of the municipal entity concerned; and

- (b) attend shareholder meetings and to exercise the CKDM's rights and responsibilities as a shareholder, together **with** such other councilors or officials that the Council may designate as representatives.

- 1.9      **"Municipal Representative (Councilor)"**      means a Councilor who has been designated as a municipal representative;
- 1.10     **"Municipal Representative (Official)"**      means an official who has been designated as a municipal representative;
- 1.11     **"Performance Audit Committee"**      means the Performance Audit Committee of the CKDM appointed in terms of Regulation 14(2) of the Municipal Planning and Performance Management Regulations made in terms of the Systems Act;
- 1.12     **"Systems Act"**      means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).

## **2.      PROBLEM STATEMENT:**

As parent municipality the CKDM is responsible for oversight and monitoring of its municipal entities.

## **3.      DESIRED OUTCOMES:**

This policy seeks to supplement existing legal imperatives to enable the CKDM to perform its monitoring and oversight role over municipal entities. The policy further consolidates existing policies relating to municipal entities in to one policy and clarifies lines of authority for municipal representatives.

**4. STRATEGIC INTENT:**

The Strategic focus area of this policy is to assist the CKDM in one of the Integrated Development Plan (IDP) mandates i.e. *"The well-run CKDM"*. The objective is to ensure a transparent and corruption-free government which is essential for the success of all other programs of the CKDM.

**5. POLICY PARAMETERS:**

The CKDM, as parent municipality to its municipal entities, is required to monitor and have oversight of the entities. As part of its oversight role, the CKDM aims to adopt a process for appointing directors to the boards of the municipal entities. The Municipal Entity policy set out –

- 5.1 The legal imperatives as required by the Systems Act, MFMA and the Companies Act;
- 5.2 The authorizations needed to effectively monitor and conduct the necessary oversight of the municipal entities;
- 5.3 The manner in which the CKDM's rights and responsibilities as a shareholder are exercised.

**6. ROLE PLAYERS AND STAKEHOLDERS:**

**6.1 Municipal entity, including –**

- a. The board of directors and administration;
- b. Chairperson of the Board of a Municipal Entity;
- c. Accounting Officer of a Municipal Entity; and
- d. Members of the Audit Committees.

**6.2 CKDM –**

- a. Executive Mayor;

- b. MAYCO Members who have oversight of municipal entities;
- c. Performance Audit Committee and Audit Committee;
- d. Municipal Representatives; and
- e. Line Departments of the CKDM.

## **7. REGULATORY CONTEXT:**

7.1 Parent municipalities and municipal entities are governed by Chapter 8A of the Systems Act and in terms of the MFMA, particularly Chapter 10. Where municipal entities are companies, the requirements of the Companies Act must also be considered and applied.

7.2 Section 56 of the MFMA provides for the oversight framework:

*“(1) The mayor of a municipality which has sole or shared control over a municipal entity, must guide the municipality in exercising its rights and powers over the municipal entity in a way—*

- (a) that would reasonably ensure that the municipal entity complies with this Act and at all times remains accountable to the municipality; and*
- (b) that would not impede the entity from performing its operational responsibilities.”*

7.3 Section 93D of the Systems Act requires that the Council of the CKDM must designate a councilor or an official of the CKDM, or both, as the representative or representatives of the CKDM –

- a. To represent the CKDM as a non-participating observer at meetings of the board of directors of the municipal entity concerned;
- b. To attend shareholder meetings; and
- c. To exercise the CKDM's rights and responsibilities as a shareholder.

- 7.4 The monitoring and oversight exercised over the municipal entities by the CKDM should always be governed by the following principle as found in the municipal legislation set out below:

a. Section 93A of the Systems Act:

*"Duties of parent municipalities with respect to municipal entities....*

*The parent municipality of a municipal entity –*

*(b) must allow the board of directors and chief executive officer of the municipal entity to fulfil their responsibilities."*

b. Section 56(2) of the MFMA – Exercise of rights and powers over municipal entities:

*In guiding the municipality in the exercise of its rights and powers over a municipal entity in accordance with subsection (1), the mayor may monitor the operational functions of the entity, but may not interfere in the performance of those functions."*

- 7.5 Section 93E(2) of the Systems Act provides that *"the parent municipality of a municipal entity must, before nominating or appointing a director, establish a process through which –*

- (a) applications for nomination or appointment are widely solicited;*
- (b) a list of all applicants and any prescribed particulars concerning applicants is compiled; and*
- (c) the municipal council makes the appointment or nomination from such list."*

**8. POLICY DIRECTIVE DETAILS:**

In accordance with Section 93E(2) of the Systems Act, the following process must be followed in the appointment process for Directors nominated by the CKDM to a board of a municipal entity:

1. The Nominations Committee of the municipal entity, in consultation with the relevant Municipal Representatives shall identify the requirements needed on the board in terms of skills, demographics and diversity.
2. The relevant Municipal Representative (official) must advertise for the recruitment of directors in accordance with the CKDM's requirements.
3. The relevant Municipal Representative (official) must compile a list of all candidates who have applied and create a shortlist of candidates to be interviewed.
4. The relevant Municipal Representative (official) must convene a City selection panel. The panel may include the Members of Mayco responsible for the Municipal Entity, the relevant Executive Director and the relevant Municipal Representatives.
5. The selection panel will interview candidates, agree on the suitable candidates to be nominated for recommendation to the Executive Mayor for appointment.
6. If the advertising process does not produce suitably qualified candidates, the Municipal Representatives may approach suitable candidates directly to be interviewed by the selection panel.

7. The relevant Municipal Representative (official) must ascertain whether successful candidates are fit and proper and whether they are not disqualified from being directors in terms of section 93F of the Systems Act, the Companies Act and the King Code on Corporate Governance before submitting the name of the suitable candidates to the Executive Mayor.
8. Once the Executive Mayor has approved the recommendation for appointment on the boards of various municipal entities, such decision will be communicated and the list of newly appointed directors provided to boards of directors for formal appointments.
9. The relevant Municipal Representative (official) shall maintain a database where all the details of the shortlisted candidates will be kept for a period of two years for the possible future appointment to the boards of municipal entities. The CKDM may utilize any names on the database for future appointments.

**9. DESIGNATED MUNICIPAL REPRESENTATIVES:**

- 9.1 The Executive Mayor may designate a councilor or an official, or both, as a municipal representative for a municipal entity.
- 9.2 The Executive Mayor may instruct the municipal representatives on how to exercise the rights and responsibilities of the CKDM as shareholder at shareholder meetings.
- 9.3 The Municipal Representative/s must –
  - a. attend board meetings of municipal entities and represent the Council as a non-participating observer/s;
  - b. give feedback to the CKDM on the discussions and any decisions taken at board meetings;
  - c. not participate in any decision making by the board of directors;

- d. attend any shareholder meetings and exercise the rights and responsibilities of a parent municipality as a shareholder and in this respect, vote as instructed by the Executive Mayor. The municipal representative (official) must submit a report to the Executive Mayor before any shareholder meeting of a municipal entity to obtain the Executive Mayor's mandate in this regard;
- e. represent the CKDM faithfully at shareholder meetings, without consideration of personal interest or gain;
- f. inform the Council in a report format of how voting rights were exercised at shareholder meetings;
- g. inform the Council in a report format of all relevant actions taken on its behalf at shareholder meetings;
- h. ensure that all issues of concern or queries raised by the municipal entity and affecting the CKDM are attended to and resolved by the line departments within the CKDM;
- i. bring to the attention of the CKDM any non-compliance issues in respect of service delivery agreements or strategy alliance with the CKDM, if such issues are raised at board meetings;
- j. ensure that the relevant mayoral committee members are kept up to date with any new developments taking place within the municipal entities;
- k. be accountable to the Executive Mayor.

9.4 The municipal representative may, in terms of Section 93D(3)(b)(ii) of the Systems Act, be reimbursed for expenses in connection with his or her duties as a municipal representative, but may not receive any additional compensation or salary for such duties.

9.5 Municipal Representatives may attend board committee meetings if invited by the municipal entity.

**10. PERFORMANCE MANAGEMENT AND BUDGETING:**

- 10.1 The relevant Municipal Representatives (official) must undertake an annual assessment of the performance of the municipal entity in respect of its approved business plan for the previous financial year based on agreed indicators.
- 10.2 The Executive Mayor is authorized to approve the key financial and non-financial performance objectives and measurement criteria of each municipal entity and must ensure that these align with the IDP. Any amendment to key performance objectives requested by the board of a municipal entity during a financial year may be authorized by the Executive Mayor.
- 10.3 The CKDM's Chief Financial Officer or his/her nominee is authorized to make recommendations and refer back any proposed budget amendments to each municipal entity as required by Section 87(2) of the MFMA. The amended budget and business plan submitted by a municipal entity must be assessed against the recommendations made by the CKDM's Chief Financial Officer before submission to full council.
- 10.4 The relevant Municipal Representative (official) must ensure that each municipal entity completes a quarterly Performance Assessment, including the Mid-Year review, which will form part of the CKDM's SDBIP reporting processes.
- 10.5 The Performance Audit Committee may request the attendance of the Chief Executive Officer of a Municipal Entity to attend any meetings of the Committee to answer any performance related questions.
- 10.6 The relevant Municipal Representative (official) must ensure that the municipal entities meet their in year reporting requirements as required by the MFMA and the Regulations on Budgeting and Reporting.

**11. DELEGATION BY MUNICIPAL REPRESENTATIVE (OFFICIAL):**

The relevant Municipal Representative (official) may delegate any power or authorization conferred on him/her in terms of this Policy to any person reporting directly to him/her, including powers and authorizations of a municipal representative.

**12. IMPLEMENTATION PROGRAMME:**

The amended policy will replace its former version upon approval by Council.

**13. MONITORING, EVALUATION AND REVIEW:**

The Policy will be reviewed annually by the Chief Financial Officer.



# **CENTRAL KAROO DISTRICT MUNICIPALITY**

## **OVERTIME POLICY**

**2019/2020**

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## 1. OBJECTIVES

- 1.1 The objective of this document is to provide additional guidelines for the administration of overtime as required by the Basic Conditions of Employment Act (Section 10) and the SALGBC Western Cape Collective Agreement (Section 12). The purpose of this policy is to provide the guidelines regarding the overtime policy for employees of the municipality. The working of overtime is subject to very strict control measures and therefore only staff in a supervisory capacity who has been given written permission by his/her Senior Manager, shall be entitled to approve the performance of any overtime by subordinates. This authorisation shall be withdrawn in any suspected case of irregular or misuse thereof, without having to be given reasons for such withdrawal.

## 2. DEFINITIONS

- 2.1 **“Earnings”** refer to the retirement funding income or the basic salary for the post whichever is applicable;
- 2.2 **“Emergency Work”** refers to work that must be done without delay because of circumstances for which the employer could not reasonably have been expected to make provision and which cannot be performed by employees during their ordinary hours of work. Emergency work excludes the performance of routine maintenance work outside normal working hours;
- 2.3 **“Overtime”** means the time that the employee works during a day or week in excess of the employee's ordinary hours of work;
- 2.4 **“Structured Overtime”** is where payment is compulsory in terms of the BCEA due to **Sundays and public holidays**. Structured overtime is exclusively for shift workers;
- 2.5 **“Unstructured Overtime”** is programmed/planned overtime over which the employer has control and **for which prior approval is required** that continue or take place **after normal working hours**.

### 3. SCOPE AND APPLICATION

- 3.1 Senior managerial employees, as defined in the Basic Conditions of Employment Act, as well as Employees earning more than the overtime earnings threshold provided for in the Basic Conditions of Employment Act, do not qualify for any overtime payment or time off in lieu of overtime.
- 3.2 Employees earning less than the overtime earnings threshold provided for in the Basic Conditions of Employment Act, will, subject to the provisions of this Policy, be remunerated for overtime or be given time off in lieu of overtime worked at the rates provided in the Basic Conditions of Employment Act. The approving authority and the employee involved to agree beforehand on payment or time off for overtime work.

### 4. GENERAL

- 4.1 Overtime work is subject to the provisions of the Basic Conditions of Employment Act, 1997, any applicable Collective Agreement and the provisions of this Policy.
- 4.2 Overtime work is subject to prior written approval by a competent authority and no overtime may be worked without such **written approval being obtained**, except in cases of work related to emergency situations as defined in 2.2. For emergency overtime the competent authority may give verbal approval to the working of such overtime provided such approval is followed-up with a written confirmation within 24 hours. Written standing approval may be granted where justified by operational requirements.
- 4.3 Only officials with delegated authority may approve overtime work and overtime payment.
- 4.4 Overtime only commences after completion of ordinary daily or weekly working hours. If an employee must travel to a place other than her/his normal place of work in order to perform authorised overtime, the time spent on the journey shall count as overtime work.
- 4.5 Employees on standby in terms of clause 12 of the Collective Agreement shall receive overtime payment when called out irrespective of the statutory threshold (Collective Agreement 12.5). Overtime for the latter group starts from the time of call out.

- 4.6 No overtime can be claimed should an employee work short time on a specific day. A full day's work (normal working hours and a lunch break of at least 30-minutes) must first be worked before such employee is eligible for overtime.
- 4.7 No overtime will be paid for attendance of functions/prize giving, etc. by personal invitation except in cases of compulsory attendance as official representative of the Municipality provided that such employee qualifies for overtime in terms of this Policy and provided further that such overtime is authorized in advance by the Municipal Manager or his assignee.
- 4.8 The Municipality will provide an employee with a meal limited to an amount as determined by the Municipal Manager or his assignee when an employee is expected to work overtime during an emergency situation and when such emergency overtime work continues for more than three hours after the employee's ordinary working hours.
- 4.9 Where overtime in emergency situations cause an employee to work past midnight on a day, the employee will be entitled to a paid break of at least 8 hours before the employee is required to report for normal duty.
- 4.10 **An employee may not work more than 4 hours' overtime per day and/or 10 hours per week, except in the case of emergencies. A Collective Agreement may increase the maximum permitted overtime to 15 hours a week (This arrangement may not apply for more than 2 months in any period of 12 months) (Section 10 of BCEA).**

**5. TIME OFF IN-LIEU OF OVERTIME**

- 5.1 Leave/time off in lieu of overtime be granted only for unstructured and approved overtime.
- 5.2 Application for time off in lieu of overtime must be done on a prescribed application form.
- 5.3 Time off in lieu of overtime cannot be encashed except on termination of services provided such time is valid.

- 5.4 Time off in lieu of overtime must be taken within 6 months from date of accrual. Time off not taken within 6 months will be forfeited. Time off to be forfeited may, for operational reasons, be extended to a maximum of 12 months by the Municipal Manager.

6. **OVERTIME WORK ON PUBLIC HOLIDAYS**

- 6.1 Payment or time off to eligible employees for overtime work on public holidays will be dealt with in terms of the Basic Conditions of Employment Act.

7. **OVERTIME WORK ON SUNDAYS**

- 7.1 Payment or time off to eligible employees for overtime work on a Sunday will be dealt with in terms of the Basic Conditions of Employment Act.

8. **ADMINISTRATIVE MEASURES FOR MANAGING AND CONTROL OF OVERTIME**

- 8.1 **Each Senior Manager is responsible and accountable to constantly monitor and review the provisions for overtime on his/her budget and to ensure that trends are noted early; funds are adequate; over expenditure is noted, justified and provided for timeously.**
- 8.2 Each Senior Manager is responsible and accountable to provide the Finance Department with a list of officials or representatives (name, signature, cost centre) who are authorized in terms of the delegated powers to approve overtime work and overtime payment. It is the responsibility of each Senior Manager or his assignee to update and maintain the information in the list. The authorizing bodies must determine whether the information on the overtime form is accurate and correct before they authorize the form for payment.
- 8.3 The Finance Department or any other body or person authorizing overtime payment is responsible to ensure that all payments for overtime are duly authorized by a competent authority. The Finance Department is specifically responsible to compare the overtime forms' signatures with the authorization list provided.

8.4 Attendance registers/time sheets, which should indicate starting and ending times, must be kept for all employees who qualify for overtime payment or time off in terms of this Policy. Attendance registers/time sheets serve as source documents to complete overtime sheets.

8.5 **Overtime worked must be reflected on the employee's attendance register/time sheet. Line managers and/or supervisors are responsible to monitor and sign attendance register/time sheets on a monthly/weekly basis.**

## 9. **PAYMENT**

9.1 Overtime may be remunerated either in monetary terms or by means of time off in lieu of overtime worked.

9.2 Where overtime is worked by an employee earning below the earnings threshold of the BCEA and such an employee elects to take time-off in lieu of payment for overtime worked, such employee will be granted paid time off, calculated at **1.5 times the number of hours worked by the employee.**

9.3 Payment of overtime shall be done at the rate of pay when the overtime was worked.

## 10. **APPLICABLE LEGISLATION**

10.1 Basic Conditions of Employment Act, 75 van 1997;

10.2 SALGBC Collective Agreements.

## 11. **IMPLEMENTATION OF THE GUIDELINES**

11.1 This policy will be implemented when approved by Council.

**VOORAF GOEDKEURING VIR BEPLANDE OORTYD WERK/**  
**APPROVAL BEFOREHAND FOR PLANNED OVERTIME WORK**

Oortyd teen Betaling Overtime for Payment (1,5 times normal wage)		Aftyd vir Oortyd Gewerk Leave in lieu of Overtime Worked	
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(Dui met 'n X in die regte blokkie aan / Please mark the right block with an X)

**OORTYD SAL NIE BETAAL WORD AS DAAR NIE VOORAF GOEDKEURING VERKRY IS NIE /**  
**OVERTIME WILL NOT BE PAID OUT IF APPROVAL HAS NOT BEEN OBTAINED BEFOREHAND**

Naam van Werknemer Name of Employee	Persal No /Nr.	Posbenaming Job Description	Posvlak Post Level
Direktoraat Directorate	IS BEGROOT VIR OORTYD? WAS OVERTIME BUDGETED FOR?		Dorp/ Town
	YES R.....	Bedrag Beskikbaar Amount Available	NO

**AANSOEKER      HANDTEKENING/**

**APPLICANT SIGNATURE**

**DATUM/ DATE**

**Aanvraag om oortyd te werk / Request to work overtime**

(Jy mag nie meer as 4 ure oortyd 'n dag werk, of 10 ure per week nie)

(You are not allowed to work more than 4 hours overtime per day, or 10 hours per week)

Datum waarop oortyd gewerk moet word, en van hoe laat af? Date when overtime must be worked, and from what time?	
Hoeveel tyd is nodig om die werk te voltooi? How much time is needed to complete the work?	

Verduidelik asseblief die aard van die werk/ Please explain the nature of the work?
Hoekom kan hierdie werk nie gedurende gewone kantoor-ure gedoen word nie? Why can this work not be performed during normal working hours?

**Direkte      Toesighour/**

**Direct Supervisor**

**Datum/ Date**

**Senior Bestuurder /**

**Senior Manager**

**Datum / Date**

**OORTYD BEKRAGTING TYDENS BYSTAND/ NOODSITUASIES****OVERTIME CONFIRMATION DURING STANDBY/EMERGENCIES**

(INDIEN NOODSITUASIES PLAASVIND, MOET BEKRAGTING BINNE 48 UUR NADAT OORTYD GEWERK IS, VERKRY WORD/  
IN THE EVENT OF EMERGENCIES, CONFIRMATION MUST BE OBTAINED WITHIN 48 HOURS AFTER OVERTIME WAS WORKED)

<b>Oortyd teen Betaling</b> <b>Overtime for Payment</b> (1,5 times normal wage)		<b>Aftyd vir Oortyd Gewerk</b> <b>Leave in lieu of Overtime Worked</b>	
---	--	---	--

(Dui met 'n X in die regte blokkie aan / Please mark the right block with an X)

<b>Naam van Werknemer</b> <b>Name of Employee</b>	<b>Persal No /Nr.</b>	<b>Posbenaming</b> <b>Job Description</b>	<b>Posvlak</b> <b>Post Level</b>
<b>Direktoraat</b> <b>Directorate</b>	<b>IS BEGROOT VIR OORTYD?</b> <b>WAS OVERTIME BUDGETED FOR?</b>		<b>Dorp/ Town</b>
	<b>YES</b> <b>R.....</b>	<b>Bedrag Beskikbaar</b> <b>Amount Available</b>	<b>NO</b>

AANSOEKER      HANDTEKENING/

APPLICANT SIGNATURE

DATUM/ DATE

.....

.....

**AANVRAAG OM NOOD OORTYD TE WERK / REQUEST TO WORK EMERGENCY OVERTIME**

Datum waarop oortyd gewerk moes word, en van hoe laat af? <i>Date when overtime had to be worked, and from what time?</i>	
Hoeveel tyd was nodig om die werk te voltooi? <i>How much time was required to complete the work?</i>	
<b>Verduidelik asseblief watter werk gedoen moes word?</b> <b>Please explain what work had to be done?</b>	

**Direkte**  
**Toesighour/**  
**Direct**  
**Supervisor**

..... Datum/ Date .....

**Senior**  
**Bestuurder /**  
**Senior Manager**

..... Datum / Date .....



# **SENTRAAL KAROO DISTRIKS MUNISIPALITEIT**

## **REIS EN VERBLYF BELEID**

**2019/2020**

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## 1. AGTERGROND

1.1 Die Sentraal Karoo Distriksmunisipaliteit funksioneer effektief deur middel van verskeie interne administratiewe reëlins, ondersteun/gerugsteun deur beleidsriglyne wat deur die Raad goedgekeur is om só gesonde finansiële administrasie te handhaaf wat betref die eis en uitbetaling van reis- en verblyf uitgawes wat deur Raadslede en personeel aangegaan word in die uitvoering van hul pligte.

1.2 Dit is op hierdie stadium wenslik om 'n formeel geformuleerde beleid daar te stel vir alle gebruikers om presies te weet waarom sekere aftrekkings en/of waarvoor uitbetalings gedoen word.

## 2. STREKKING VAN HIERDIE BELEID

2.1 Hierdie Beleid is van toepassing op **alle Raadslede en werknemers** van die Sentraal Karoo Distriksmunisipaliteit asook enige persone wat genooi word vir onderhoude by die Munisipaliteit. Standaard afstande wat gebruik moet word op eise is vervat in **Bylae C**.

## 3. TOEPASSINGSBESTEK

3.1 Hierdie Beleid kan slegs deur die Raad van die Distriksmunisipaliteit goedgekeur of gewysig word en is dit die verantwoordelikheid van die Munisipale Bestuurder, as rekenpligtige beampte, om dit te ten volle te implementeer.

## 4. REISKOSTE

Reiskostes aangegaan deur gemagtigde gebruikers sal vergoed word teen Departement van Vervoer skale, soos maandeliks afgekondig, met bykomend die volgende spesifieke bepalings:

#### **4.1      Raadslede:**

- 4.1.1      Raadslede mag voorsiening maak vir 'n maandelikse vaste-koste vervoertoelaag soos bepaal deur die *Regulations re Upper Limits of Councillor Remuneration as published in the Government Gazette and issued by the Minister of Cooperative Governance and Traditional Affairs*.

#### **4.2      Personeel wat 'n Vervoertoelaag ontvang:**

- 4.2.1      Goedgekeurde gebruikers van die Raad se vervoerskema ontvang 'n vaste koste komponent gekoppel aan bogenoemde kilometers per maand en alle amptelike kilometers wat afstande oorskry soos bepaal in die essensiële vervoerskema van die Raad word uitbetaal soos per die essensiële vervoerskema gebasseer op die maandelikse eise ingedien (betaling vervat as deel van maandelikse besoldiging.)

#### **4.3      Munisipale Bestuurder, Senior Bestuur, ander personeel asook Raadslede:**

- 4.3.1      Personeel wie nie op die vervoerskema van die Raad is nie en in 'n amptelike hoedanigheid van eie vervoer gebruik moet maak, word vergoed teen **Staatskale**, soos van toepassing in **die maandelikse skrywes gepubliseer deur die Departement van Vervoer teen die Privaatgebruiktarief**.
- 4.3.2      Met die skriftelike goedkeuring van die Munisipale Bestuurder is die genoemde vergoeding ook van toepassing op personeel wie nie op die vervoerskema is nie en waar poelvervoer ook nie beskikbaar is vir die uitvoering van pligte soos bv., die verspreiding van Raadsagendas, spesiale projekte, opleiding, vergaderings ens.
- 4.3.3      Personeel wat nie op die Raad se Vervoerskema is nie, mag nie van eie vervoer gebruik maak nie, tensy spesifiek daartoe gemagtig deur die Munisipale Bestuurder en slegs indien munisipale Vervoer nie beskikbaar is nie. Indien amptelike vervoer beskikbaar is en 'n personeellid verkies privaat vervoer sal slegs R 2 per kilometer betaal word.

4.3.4 Die Munisipale Bestuurder, Senior Bestuurders asook enige ander lede van bestuur aangestel op 'n totale koste tot werkgewer basis, se vervoertoelaag word gesien as deel van hulle pakket en hulle sal dus vergoed word volgens die tariewe bepaal deur die Departement van Vervoer vanaf die eerste kilometer, tensy spesifiek anders gemeld in die aanstellingskontrak.

4.3.5 Die Munisipale Bestuurder mag geskrewe toestemming verleen aan personeel op T14 – T18 vlak, wie nie 'n vervoertoelaag ontvang nie, om teen die Departement van Vervoer Tariewe van eie vervoer gebruik te maak.

#### **4.4 Gebruik van Poelvoertuie:**

4.4.1 Poelvoertuie is vir die uitsluitlike aanwending deur personeel wie nie op die Raad se vervoerskema is nie en wie amptelike vervoer benodig.

4.4.2 Slegs die Munisipale Bestuurder of sy skriftelik gevolmagtigde kan magtiging verleen vir die gebruik van die Raad se poelvervoer.

4.4.3 Die Burgermeeeester mag ook versoek dat Raadslede van munisipale poelvervoer gebruik moet maak om kostebesparings vir die Raad daar te stel.

4.4.4 Indien daar gebruik gemaak word van die eie akkommodasie opsie, moet die eie akkommodasie opsie binne 'n radius van 40 km vanaf die vergaderingslokaal wees. Indien buitensporige kilometers gereis word met die poelvoertuig behou die Munisipaliteit die reg voor om enige oorskryding teen Departement van Vervoer tariewe van die werknemer se salaris te verhaal.

4.4.5 Geen poelvoertuig mag die perseel van die Raad verlaat alvorens 'n behoorlik voltooide ritmagtiging asook die beplande rit dienooreenkomstig in die voertuig-logboek aangeteken is en 'n eerste parade\* op die betrokke voertuig uitgevoer is nie.

4.4.6 Indien enige bestuurder van 'n poelvoertuig in 'n ongeluk betrokke is sal hulle verantwoordelik gehou word vir die versekeringsbybetaling. Die enigste uitsonderings daarop sal wees indien die skade veroorsaak is weens die uitsluitlike nalatigheid van 'n derde party of enige aksies wat omskryf kan word as *Acts of God*.

4.4.7 Die Munisipaliteit behou die reg voor om die volle skade van die bestuurder te verhaal indien die skade aan die voertuig geskied buite die spesifieke raamwerk van die ritmagtiging.

4.4.8 Die gebruik van amptelike vervoer om privaat individue mee te vervoer word ten strengste verbied. 'n Uitsondering sal gemaak word indien die individu 'n vrywaringsvorm geteken het en die vorm ook geteken is deur die Munisipale Bestuurder.

*\* **NOTA:** Eerste parade behels die nagaan van water, olie, banddruk, toestand van bande, ruitveërs, ruitglas, spieëls, algemene toestand van bakwerk en rapportering van opvallende gebreke soos skrape en ander relevante skade.*

#### **4.5 Reise per Vliegtuig:**

4.5.1 Weens koste-aspekte moet daar sover moontlik gebruik gemaak word van padvervoer.

4.5.2 Vertoë om van lugvervoer gebruik te maak moet minstens sewe (7) werksdae voor 'n voorgenome vlug voorgelê word. Slegs die Munisipale Bestuurder, as rekenpligtige beamppte, is gemagtig om lugvervoer goed te keur.

4.5.3 Daar moet sover moontlik gepoog word om vlugte te reël vanaf / tot op George – lughawe om sodoende kostes met betrekking tot padvervoer te minimaliseer. Die besluit van watter lughawe die mees koste-effektief sal wees sal geneem word onderworpe aan 'n analisering van die totale koste insluitende reiskoste.

#### 4.6 Verkeersboetes:

- 4.6.1 Die ondertekenaar van 'n Ritmagtingingsvorm verleen outomaties toestemming dat enige verkeersoortreding, wat uit die gebruik van die voertuig mag voortspruit, van die betrokke se salaris verhaal sal word in die maand wat volg op die maand waarin die boete deur die Raad ontvang word.

#### 5. AKKOMMODASIE:

- 5.1 Tariewe waarteen akkommodasie uitbetaal word, word van tyd tot tyd deur die Raad vasgestel en word uiteengesit in **Bylae A** wat hierby aangeheg is.
- 5.2 Raadslede sowel as amptenare het 'n keuse om hetsy gebruik te maak van die Raad se administrasie om vir akkommodasie te reël in welke geval akkommodasie hanteer sal word teen werklike koste.
- 5.3 Raadslede sowel as amptenare kan self hulle verblyf reël en betaal met dien verstande dat dit binne die tariewe soos vervat in **Bylae A** vergoed sal word en dat bewys gelewer sal word dat die verblyf die mees koste-effektiewe opsie was (drie kwotasies). Die uitgawe sal terugbetaal word met die indiening van die drie kwotasies en bewys van betaling.
- 5.4 Alternatiewelik kan daar gebruik gemaak word van 'n verblyftoelaag in welke geval die gebruiker dan self verantwoordelik is vir alle akkommodasie en verwante uitgawes – die verblyftoelaag vir privaatverblyf sal R600 per nag behels.
- 5.5 Oornag verblyf sal goedgekeur word by instansies met ten minste 'n drie ster toerisme gradering. Afwykings sal slegs geskied indien drie ster verblyf nie beskikbaar is nie en die afwyking deur die Munisipale Bestuurder afgeteken is. Afwykings sal steeds onderhewig wees aan die koste limiete soos vervat in die *MAXIMUM ALLOWABLE RATES FOR DOMESTIC ACCOMMODATION AND MEALS (as per National Treasury Instruction No. 03 of 2016/2017 Cost Containment Measures related to Travel and Subsistence)*.

- 5.6 Beide werklike uitgawes sowel as die verblyftoelaag is onderworpe aan maksimum perke soos uiteengesit in die aangehegte **Bylae A**.
- 5.7 Let wel: Die perke soos vervat in **Bylae A** is nie van toepassing op Tegniese Dienste Personeel op posvlakke TASK 1 – 9 wie konstruksie/onderhoud/meganiese onderhoud doen binne die streek en langer as 10 dae aanmekeer buite streek opleiding ontvang waar verblyf verskaf word nie. Die perke word vervat in **Bylae B** soos voorgeskryf deur die Wes Kaapse Departement van Vervoer.

## **6. EISE**

### **6.1 Stawende Dokumentasie:**

- 6.1.1 Alle eise moet van oorspronklike stawende dokumentasie vergesel word met verwysing spesifiek na ritmagtigings en kwitansies. Afskrifte van uitnodigings en/of agendas is toelaatbaar.
- 6.1.2 Departementshoofde/Afdelingshoofde/Uitvoerende Burgermeesterkomitee mag bewys van bywoning versoek om ingedien te word binne 7 dae vanaf bywoning. By nie-nakoming van so 'n versoek behou die Munisipaliteit die reg voor om alle reis en verblyf koste met die volgende betaling van salarisse te verhaal.

### **6.2 Magtiging vir Bywoning van Vergaderings, Kursusse, Konferensie, etc:**

- 6.2.1 Magtiging vir bywoning van Raadsverwante aktiwiteite geskied volgens die magtiging verleen in die Raad se Delegasieregister.

### **6.3 Voorskotte op Reis en Verblyf Uitgawes:**

- 6.3.1 Geen voorskotte is betaalbaar met betrekking tot reis- en verblyf eise nie.
- 6.3.2 Indien daar gebruik gemaak word van 'n poelvoertuig kan 'n bedrag tot 'n maksimum van R 500 gegee word indien die retoer reis meer as 1000 km is om te verseker dat die werknemer die voertuig kan volmaak vir die retoer reis. Die

werknemer moet op die eers-opvolgende werksdag na terugkeer enige kleingeld, sowel as bewys van petroluitgawe (kwitansie) aan die finansies afdeling terugbesorg. Indien die werknemer nie aan hierdie vereiste voldoen nie, sal dit by sy/haar salaris verhaal word op die eerste betaaldatum na die reis.

- 6.3.2 Reis- en verblyf eise mag wel uitbetaal word op dieselfde dag as wanneer die betrokke Raadslid of amptenaar vertrek na 'n betrokke Raadsaktiwiteit waarheen hy/sy afgevaardig is.

#### **6.4 Onderhoude:**

- 6.4.1 Kandidate genooi vir onderhoude se verblyf sal ook hanteer word soos per **Bylae A**, maar hulle sal vergoed word teen 'n standaard tarief van R 2.5 per km.

### **7. ANDER VOORWAARDES**

#### **7.1 SALGA / Ander Organisasies:**

- 7.1.1 In gevalle waar die onkoste deur die stuurder van die uitnodiging betaal word, sal reis- en verblyfkoste nie deur die Munisipaliteit betaal word nie.

#### **7.2 Bepaling van vertrektyd en nagte uithuisig:**

- 7.2.1 Die vertrek en terugkom tyd sal bepaal word by ooreenkoms tussen die afgevaardigde en sy/haar Direkte Departementshoof en/of by konsultasie met die Munisipale Bestuurder.

#### **7.3 Ongelukke met Privaat Vervoer:**

- 7.3.1 Ongelukke met privaat voertuie sal deur die eienaar van die voertuig se versekering gedek word. Die Raad is nie verantwoordelik vir die betaling van enige onkoste nie.

## BYLAE A

### MAXIMUM ALLOWABLE RATES FOR DOMESTIC ACOMMODATION AND MEALS (as per National Treasury Instruction No. 03 of 2016/2017 Cost Containment Measures related to Travel and Subsistence)

	<b>BAND 1</b>	<b>BAND 2</b>	<b>BAND 3</b>
	Room Only Tourism Levy VAT	Bed and Breakfast Tourism Levy VAT	Dinner, Bed and Breakfast Tourism Levy VAT 2 x soft drinks at dinner
<b>GRADED HOTEL, BOUTIQUE HOTEL, LODGE OR RESORT</b>			
1 Star	R590	R730	R940
2 Star	R920	R1050	R1270
3 Star	R1120	R1230	R1440
4 Star	R1275	R1380	R1595
<b>BED AND BREAKFAST, COUNTRY HOUSE OR GUEST HOUSE</b>			
1 Star	R335	R495	R690
2 Star	R510	R670	R865
3 Star	R920	R1080	R1270
4 Star	R1020	R1180	R1370
<b>SELF-CATERING*</b>			
1 Star	R590		
2 Star	R920		
3 Star	R1120		
4 Star	R1275		
<b>MEALS**</b>			
Breakfast	R110	R0	R0
Lunch	R160	R160	R160
Dinner	R180	R180	R0
<b>Total</b>	<b>R450</b>	<b>R340</b>	<b>R160</b>
Accommodation costs are assumed to be inclusive of Parking and Wi-Fi (if available), and exclusive of Laundry expenses.			
*Including Exclusive and Shared Facilities. Exclusive facilities offer travellers a sole occupancy unit consisting of one or more bedrooms and self-contained public areas e.g. kitchen, dining area and lounge. Shared Facilities consisting of one or more bedrooms and self-contained shared public areas e.g. kitchen, dining area and lounge.			
**Amount payable per day – no receipts required.			
When travelling either inside the region or outside the region for meetings/forums/training etc. for less than 12 hours, a daily allowance of R 100 will be payable.			

**OR:**

Should you choose own accommodation without making use of SCM you will receive R 600 per day.

**FURTHER TAKE NOTE:**

- a) If a negotiated rate for a specific star grading is equivalent to or lower than the rate for the lower star grading, the official may be accommodated in the establishment with the higher star grading. This means that an official may be accommodated at a four-star establishment if the rate at the four-star establishment is the same as or lower than a three-star establishment.
- b) Where there is an alternative star grading indicated in the above table (i.e. 4/5 or 3/4), the maximum allowable rate of the lower star grading will be the benchmark. The higher star grading can only be booked if:
  - the higher star graded facility is the only available option due to location and availability; or
  - the municipality or municipal entity has negotiated lower rates with the higher star graded facility.
- c) Accounting officers must ensure that overnight accommodation is limited to instances where the distance travelled by road by the employee exceeds 500 kilometres to and from the destination (return journey).

## BYLAE B

### Tegniese dienste personeel

<b>Tegniese Dienste Personeel op posvlakke TASK 1 – 9 wie konstruksie/onderhoud/meganiese onderhoud doen binne die streek en langer as 10 dae aanmekaar buite streek opleiding ontvang waar verblyf verskaf word.</b>	<b>Kamptoelaag/Nagtoelaag soos voorgeskryf deur die Provinsiale Dept. Vervoer.</b> Karvane word voorsien deur die Tegniese Dienste Departement. Waar karavane nie beskikbaar is nie is toelaes van toepassing soos vir ander personeel.
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### NEEM VERDER KENNIS:

- Bostaande is van toepassing op alle Tegniese Dienste personeel, tensy anders ooreengekom met die Hoof Tegniese Dienste, en onderhewig aan die beskikbaarheid van fondse/ begroting.

## BYLAE C

### Maksimum Voorgestelde Kilometers per Retroer Reis

<u>Dorp / Bestemming</u>		<u>Maksimum Kilometer Eis</u>
1.	Prins Albert	- 320km
2.	Laingsburg	- 400km
3.	Oudtshoorn	- 400km
4.	George	- 500km
5.	Mosselbaai	- 600km
6.	Worcester	- 800km
7.	Ceres	- 750km
8.	Kaapstad	- 1000km
9.	Stellenbosch	- 880km
10.	Saldanha	- 1100km
11.	Caledon	- 900km
12.	Swellendam	- 800km
13.	Knysna	- 600km
14.	Riversdal	- 750km
15.	Plettenberg Baai	- 640km
16.	Vredendal	- 1100km

**(Bogenoemde kilometers mag beïnvloed word deur die uniekheid van elke situasie, maar afwykings moet deur die Munisipale Bestuurder, of soos per delegasieregister, goedgekeur word)**



# **CENTRAL KAROO DISTRICT MUNICIPALITY**

## **RELIEF FUND POLICY**

**2019/2020**

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## **1. INTRODUCTION:**

- 1.1 The Mayor receives regular requests for grants, donations and financial assistance. Most of these are dealt with through the Central Karoo District Municipality's allocation of Section 67 Grants Policy, but some deserving requests fall outside of the ambit of the Policy.
- 1.2 A special fund has been established by the Central Karoo District Municipality and subjected to the guidelines set out below, the Mayor, in consultation with and with the consent of the Municipal Manager, is authorised to decide on the use of the Fund for grants to such exceptional beneficiaries.

## **2. APPLICABLE LEGISLATION:**

- 2.1 Local Government: Municipal Finance Management Act, 56 of 2003;
- 2.2 Grants-in-Aid Policy.

## **3. LEGAL FRAMEWORK:**

- 3.1 Section 12 of the Local Government: Municipal Finance Management Act, 56 of 2003, permits the establishment of a "relief, charitable, trust or other fund" in the name of the Central Karoo District Municipality.
- 3.2 The Central Karoo District Municipality may open a separate bank account and any money received for the purpose of the fund must be paid into the funds bank account.
- 3.3 Money paid into the separate bank account may be withdrawn from the account without appropriation in terms of an approved budget but only by or on the written authority of the accounting officer acting in accordance with the decisions of the Council and for the purpose of which the fund was established.

**4. PURPOSE OF FUND:**

- 4.1 The Fund is created for the purpose of allocating grants by the Mayor, and Municipal Manager, at their discretion in respect of applications made or at the initiative of the Mayor, and in consultation with the Municipal Manager, and in respect of cases set out in the Fund guidelines.

**5. FUND GUIDELINES:**

- 5.1 The fund may be used for:

- 5.1.1 Causes that will promote the profile of the Central Karoo District Municipality both Nationally and Internationally;
- 5.1.2 Causes of hardship;
- 5.1.3 Emergency/ disaster situations where the Central Karoo District Municipality has no other provisions to cater for the event;
- 5.1.4 The specific use and conditions as may be set out by a donor to the Fund;
- 5.1.5 Grants may be paid directly to any individual only on such conditions the Mayor and Municipal Manager will approve;
- 5.1.6 Grants may be used for travelling, accommodation or subsistence of individuals or teams participating in events such as sport or cultural activities only when the Mayor is satisfied that it is a real need as a result of historical disadvantage.

- 5.2 A written agreement must be entered into with the recipient of the grant funding to ensure that the funds are used for the purpose intended.

**6. PROHIBITED USES:**

- 6.1 The Fund may not be used for any purpose that benefits a political party.
- 6.2 Appropriations may not benefit any member of the Council or a family member or relative of any member of the Council.

- 6.3 Appropriations may not benefit any employee of the Central Karoo District Municipality or a family member or relative of any employee of the Central Karoo District Municipality.
- 6.4 Only in exceptional cases may grants be made for activities occurring outside the boundaries of the Central Karoo District Municipality, and only after approval by the Mayor and Municipal Manager, in consultation with the Mayoral Committee.
- 6.5 Any grant from the fund shall not result in repeat commitments, nor may any expectation be created that funding will automatically be made available in future.
- 6.6 Grants may not be used in conjunction with other Central Karoo District Municipality funding or grants.

**7. PROCESS FOR RELEASE OF FUNDS:**

- 7.1 The Mayor identifies an appropriate use and determines the amount as well as the beneficiary and forwards the request to the Accounting Officer of the Central Karoo District Municipality.
- 7.2 The Mayor may impose conditions in respect of any grant made from the Fund.
- 7.3 The Accounting Officer, or his/her nominee, must assess the request and determine whether it meets the Guidelines set out above as is required by Section 12(4) of the Local Government: Municipal Finance Management Act, 56 of 2003.
- 7.4 Provided that sufficient funds are available, the Accounting Officer or his/her nominee will withdraw the amount from the Fund.

**8. REPORTING REQUIREMENTS:**

- 8.1 The Mayor, together with the Municipal Manager, must report to Council on a quarterly basis in respect of the status of the Fund, including amounts withdrawn, and the names of the beneficiaries.

8.2 Any donations received must also be reported.

**9. DONATIONS TO THE FUND:**

9.1 Any member of the public or organisation may donate money to the Fund.

9.2 The Central Karoo District Municipality may actively canvass for donations to the Fund.

9.3 If a donor specifies conditions in respect of any donation, the donated amount may only be utilised in terms of those conditions.

9.4 The Mayor and Municipal Manager may refuse any donation where the conditions attached are unacceptable to them.

9.5 The Central Karoo District Municipality may not make available any of its funds in terms of its budget, and towards donations and/or to supplement shortfalls in the Relief Fund.

**10. GRANT LIMITS:**

10.1 Grants are subject to availability, as per the quarterly limit set in the budget of the Central Karoo District Municipality;

10.2 The following specific limits are set:

	<u>Grant Event</u>	<u>PER</u>	<u>Amount</u>
10.2.1	Funerals	Per Funeral	R1500-00
10.2.2	Sport	Per Event	R5 000-00
10.2.3	School Activities:		
•	Outside CKDM Borders	Per Child	R3 000-00
•	Within borders of CKDM	Per Child	R500-00
•	General: i.e. medals, matric farewell cards etc.	Per School	R2000-00

10.2.4	NGO's	Per NGO	R5000-00
10.2.5	Church Functions	Per Function	R2000-00
10.2.6	Disasters	Per Family	R2000-00
10.2.7	Soup Kitchens	Per Soup Kitchen per year	R2000-00

10.3 In the case of a grant as contemplated in 9.2.2 *supra*, the grant will not be given to any individual team, but to the event organiser whom will be responsible to distribute the grant evenly between all needy teams. It will also be the responsibility of the event organiser to report to the Central Karoo District Municipality regarding the use of funds.

10.4 The limits as set in 9.2 *supra* will be maximum amounts payable and will no deviation be granted in this regard.



# **CENTRAL KAROO DISTRICT MUNICIPALITY**

## **SUPPLY CHAIN MANAGEMENT DELEGATIONS REGISTER**

**2019/2020**

**ANNEXURE A – DELEGATIONS**

**Purchase Requisitions and Orders**

<b>Rand value (Vat included)</b>	<b>Classification</b>	<b>Authorization of purchase order</b>	<b>Evaluation and Adjudication of quotation/tender</b>	<b>Supporting documents required</b>
0 - 200	Petty Cash (from cashier)	Relevant Manager or Acting Official		<ul style="list-style-type: none"> <li>• Authorised petty cash requisition form</li> <li>• Cash register receipt</li> </ul>
201 – 2 000	No quotation required, also considered as petty cash purchase	Relevant Manager or Acting Official		<ul style="list-style-type: none"> <li>• Authorised requisition</li> <li>• Official order</li> <li>• Taxed invoice</li> </ul>
2 001 – 5000	Three verbal or written price quotations	Relevant Manager/ Senior Manager/ Chief Financial Officer or MM	Relevant Manager/ Senior Manager or Chief Financial Officer	<ul style="list-style-type: none"> <li>• Three written quotations/proof of the request for quotations</li> <li>• Authorised requisition</li> <li>• Official order</li> <li>• Taxed invoice</li> </ul> <p>Section 17 report if 3 written quotations could not be obtained.</p>

5001 – 30 000	Three written quotations	price	Relevant Manager/ Senior Manager/ Chief Financial Officer or MM	Relevant Manager/ Senior Manager/ Chief Financial Officer	<ul style="list-style-type: none"> <li>• Three written quotations/proof of the request for quotations</li> <li>• Authorised requisition</li> <li>• Official order</li> <li>• Taxed invoice</li> </ul> <p>Section 17 report if 3 written quotations could not be obtained.</p>
30 001 – 200 000	Formal price quotation Process, must be advertised for 7 days		Relevant Senior Manager/ Chief Financial Officer/ MM	Relevant Senior Manager/ Chief Financial Officer/ MM	<ul style="list-style-type: none"> <li>• Advertisement</li> <li>• All quotations / document received</li> <li>• Evaluation and adjudication of quotation</li> <li>• Taxed Invoice</li> <li>• Official order</li> </ul>
200 001 – 50 000 000	Competitive Bidding Process		Accounting Officer	Bid Committees as per Regulations	<ul style="list-style-type: none"> <li>• Advertisement</li> <li>• All tenders received</li> <li>• Minutes of the Evaluation and Adjudication Committee Meetings</li> </ul>

Tenders for a Rand Value equal to R 50 million will be evaluated on the 80/20 preference point system

Tenders for a Rand Value above R 50 million will be evaluated on the 90/10 preference point system.



# **CENTRAL KAROO DISTRICT MUNICIPALITY**

## **SUPPLY CHAIN MANAGEMENT POLICY**

**2019/2020**

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## 1. BACKGROUND

- 1.1 The accounting officer of the municipality must in terms of section 62(1)(f)(iv) of the MFMA, take all reasonable steps to ensure that the municipality has and implements this supply chain management policy.
- 1.2 The Supply Chain Management Regulations, requires that a Supply Chain Management system contains the following six elements:
- Demand Management
  - Acquisition Management
  - Logistics Management
  - Disposal Management
  - Risk Management
  - Regular assessment of Supply Chain Performance.

## 2. PURPOSE OF THE POLICY

- 2.1 This Policy shall give effect to the legislation as applied to the supply chain management environment at the municipality.

## 3. TERMINOLOGY

- 3.1 In this policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the MFMA has the same meaning as in the MFMA, and –
- 3.1.1 **“Accounting Officer”** means the municipal manager referred to in section 60 of the MFMA;
- 3.1.2 **“Bid”** means any person submitting a competitive bid or quotation;
- 3.1.3 **“Bidder”** means any person submitting a competitive bid or quotation;

- 3.1.4 **“Competitive Bidding Process”** means a competitive bidding process referred to in paragraph 9.10 of this policy;
- 3.1.5 **“Competitive Bid”** means a bid in terms of a competitive bidding process;
- 3.1.6 **“Contract”** means the agreement which is concluded when the municipality accepts, in writing, a competitive bid or quotation submitted by a supplier;
- 3.1.7 **“Disposal”** in relation to capital assets means –
- a) The demolition, dismantling or destruction of the capital asset; or
  - b) Any other process applied to a capital asset which results in loss of ownership of the capital asset otherwise than by way of transfer of ownership.
- 3.1.8 **“Final Award”** in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;
- 3.1.9 **“Formal Written Price Quotation”** means quotations referred to in paragraph 9.8 of this policy;
- 3.1.10 **“Head of Department”** means a senior manager as defined in the MFMA, Act 56 of 2003, and who is responsible for a vote as assigned by the Accounting Officer;
- 3.1.11 **“Imported Content”** Means that a portion of the bid price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or its sub-contractors) and which costs are inclusive of the costs abroad (this includes labour and intellectual property costs), plus freight and other direct importation costs, such as landing costs, dock duties, import duties,

sales duties or other similar tax or duties at the South African port of entry;

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

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

3.1.13 **“Local Content”** Means that a portion of the bid price which is not included in the imported content, provided that local manufacture does take place;

3.1.14 **“Long Term Contract”** means a contract with a duration period exceeding one year;

- 3.1.15 **“List of Accredited Prospective Providers”** means the list of accredited prospective providers which a municipality or municipal entity must keep in terms of paragraph 9.5 of this policy;
- 3.1.16 **“MFMA”** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
- 3.1.17 **“Municipality”** means Central Karoo District Municipality or any person(s) or committee delegated with the authority to act on its behalf;
- 3.1.18 **“Other Applicable Legislation”** means any other legislation applicable to municipal supply chain management, including:
- a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
  - b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
  - c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000).
- 3.1.19 **“Regulation”** means the Local Government: Municipal Finance Management Act, 2003 Municipal Supply Chain Management Regulations;
- 3.1.20 **“Stipulated Minimum Threshold”** Means that a portion of local production and content as determined by the Department of Trade and Industry;
- 3.1.21 **“Treasury Guidelines”** means any guidelines on supply chain management issued by the Minister in terms of section 168 of the MFMA;
- 3.1.22 **“Written or Verbal Quotations”** means quotations referred to in paragraph 9.7 of this policy.

#### **4. LEGISLATIVE ENVIRONMENT**

4.1 The Municipality is committed to adhering to and applying the prescribed legislative environment as it affects SCM.

4.2 The following legislation is applicable:

##### **4.2.1 The Constitution:**

The Constitution of the Republic of South Africa, Act No 108 of 1996, as amended, regulates procurement through Section 217 and determines that:

- 1) When an Organ of State in the national, provincial or local sphere of Government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.
- 2) Subsection (1) does not prevent the Organs of State or institutions referred to in that subsection from implementing a procurement policy providing for –
  - Categories of preference in the allocation of contracts; and
  - The protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination.
- 3) National legislation must prescribe a framework within which the policy referred to in subsection (2) must be implemented.

##### **4.2.2 The Municipal Finance Management Act (MFMA):**

The MFMA, Act No 56 of 2003, gives effect to and reiterates the Constitutional requirements of Section 217 quoted above and is primary in the regulation of Financial Management. It sets out broadly the requirements for the procurement and provisioning system to be in place and allocates responsibilities attached thereto.

The MFMA stipulates that in contracting for goods and services, and the disposal and letting of state assets, including the disposal of goods no longer required, the Accounting Officer will develop and implement a system, which is fair, equitable, transparent, competitive and cost-effective.

**4.2.2.1 Chapter 11 of the MFMA, Sections 111 and 112, determines inter alia that:**

Each Municipality and each municipal entity must have and implement a Supply Chain Management Policy which gives effect to the provisions of in supply chain regulations promulgated on the 30 May 2005 for Local Government must comply with the prescribed framework.

The Supply Chain Management policy of a municipality or municipal entity must be fair, equitable, transparent, competitive and cost effective.

**4.2.2.2 Treasury Regulations issued in terms of the MFMA:**

The Municipality shall apply Chapter 16 (A) 4.3 of Treasury Regulations 2005 issued in terms of the MFMA as it pertains to Supply Chain Management. It serves as a formal requirement for municipalities, to ensure the establishment and implementation of an effective and efficient SCM system.

**• Public Private Partnerships**

The Accounting Officer must ensure that Supply Chain Management Policy is in compliance with when goods or services are procured through public private partnerships or as part of a public private partnership.

**• Supply Chain Management**

The Accounting Officer must ensure that the supply chain policy is in compliance with when dealing with Supply Chain Management to ensure the establishment and implementation of an effective and

efficient Supply Chain Management Unit within the office of the Senior Manager Management Services/CFO, as an integral part of their financial system.

The SCM system implemented must be fair, equitable, transparent, competitive and cost effective; be consistent with the PPPFA and BBBEE Act and must provide at least for the following:

- Demand management;
- Acquisition management;
- Logistics management;
- Disposal management;
- Risk Assessment;
- Regular assessment of Supply Chain performance.

**4.2.3 Chapter 8, Sections 83(1),(2),(3) & (4) of the Municipal Systems Act, 32 of 2000:**

If the municipality decides to provide a municipal service through a service delivery agreement it must select the service provider through a selection which is competitive, fair, transparent equitable and cost effective.

**4.2.4 National Treasury Circulars:**

All documents relevant to SCM are available electronically on National Treasury's web page [http://www.treasury.gov.za /MFMA/regulations/circulars](http://www.treasury.gov.za/MFMA/regulations/circulars).

The SCM regulations in terms of the MFMA empower National Treasury to issue circulars to ensure minimum norms and standards within Local Government.

All circulars issued from time to time must be accepted by council to make it a binding document.

#### **4.2.5 The Preferential Procurement Policy Framework Act:**

The Preferential Procurement Policy Framework Act (PPPFA), Act No 5 of 2000, was promulgated to give effect to Section 217(3) of the Constitution by providing a framework for the implementation of the procurement policy contemplated in Section 217(2) of the Constitution.

The Act provides for the implementation of a preference system in the allocation of contracts for categories of service providers and the promotion of goals, including socio-economic goals, to advance the interest of persons disadvantaged by unfair discrimination on the basis of race, gender or disability and implementing the programmes of the Reconstruction and Development Programme.

The Act also regulates that the evaluation processes are conducted in a fair, justifiable and transparent manner.

There is currently a process underway to ensure that the PPPFA and the BBBEE Act is aligned which will ultimately culminate to a Balance Score Card that mitigates and strengthen some weaknesses identified on PPPFA No5 of 2000.

Subsequent to the above, Preference Procurement Regulations 2017 has been promulgated on the 20 January 2017 whereby all suppliers are classified according to levels by verifying agents.

#### **4.2.6 The Preferential Procurement Policy Framework Act Regulations as Amended by Preferential Procurement Regulations 2017:**

This is the enabling mechanism of the PPPFA mentioned above. It sets out the formulas for the points system and stipulates the rules and procedures governing the preferences that might be claimed in terms of this Act as per the status level certificate issued by an authorised body or person.

#### **4.2.7 Broad Based Black Economic Empowerment Act:**

The Broad Based Black Economic Empowerment Act (BBBEE Act), Act No 53 of 2003, provides the framework for the promotion of black economic empowerment, the establishment of a balanced scorecard and the publication of transformation charters. A supporting strategy has also been published. Draft codes of good practice have also been issued for comment. These codes could include qualification criteria for preferential procurement and other economic activities.

The Municipality will adhere to the directives contained in the Broad Based Black Economic Empowerment Act as it affects the procurement process.

Economic transformation will be promoted through preferential procurement in order to promote meaningful participation of black people including women, workers, youth and people with disabilities and people living in rural areas, in the economy.

Transformation will achieve a change in the racial composition of ownership and management structures of existing and new enterprises.

#### **4.2.8 The Prevention and Combating of Corrupt Activities Act:**

The Municipality will adhere to the directives contained in the Prevention and Combating of Corrupt Activities Act, Act 12 of 2004 as it affects the Supply Chain process.

The Act regulates offences in respect of corrupt activities relating to contracts, activities pertaining to acceptance or offering of any gratification and the improper influence of another person as well as offences in respect of corrupt activities relating to procuring and withdrawal of tenders and auctions.

The Act provides for miscellaneous offences relating to possible conflict of interest and other unacceptable conduct such as acquisition of private interest in contract, agreement or investment of a public body.

National Treasury has established a register for tender defaulters and this used when awarding quotations and tenders to suppliers.

#### **4.2.9 Integrated Development Plan:**

The Integrated Development Plan (IDP), which set out all the objectives to be achieved by Municipality.

The IDP provides for a number of quantified targets for growth and development in the Municipality for a five-year period.

These targets must be incorporated into the municipalities and departments strategic goals and objectives.

#### **4.2.10 State Information Technology Agency Act:**

In terms of Section 31 of the Supply Chain Regulations the municipality may request the assistance of the State Information Technology Agency with regards to the acquisition of IT related goods and services.

#### **4.2.11 The National Small Business Act:**

The National Small Business Act, Act No 102 of 1996, as amended, establishes the National Small Business Council (NSBC) and also the Ntsika Enterprise Promotion Agency (Ntsika).

The main functions of Ntsika are inter alia: to consult with any organ of government, the NSBC or a service provider in order to inter alia:

- Facilitate national market access for products and services of small business.
- Generally, strengthen the capacity of service providers to support small business and small business to compete successfully in the economy.
- To enable small businesses to compete successfully in the economy, the procurement policies and practices influence the economic behaviour of small businesses, and therefore during the procurement process, it is important to implement guidelines to promote small businesses.

#### **4.2.12 Other Relevant Acts:**

Cognizance must be taken of the following legislation that will impact on the Supply Chain environment:

- Public Service Act, Act No 23 of 1994.
- Promotion of Administrative Justice Act, Act No 3 of 2000;
- Promotion of Access to Information Act, Act No 2 of 2000;
- Protected Disclosure Act, Act No 26 of 2000;
- The Competition Act, Act No 89 of 1998;
- Preferential Procurement Policy Framework Act, 2000: Preferential Procurement Regulations, 2017.

### **5. SCOPE FOR APPLICATION**

5.1 This policy applies to activities of demand management in terms of the supply chain management system and policies of the municipality.

5.2 The Municipality resolves in terms of section 111 of the MFMA to have and implement a supply chain management policy that –

- a) gives effect to –
  - (i) Section 217 of the Constitution; and
  - (ii) Part 1 of Chapter 11 and other applicable provisions of the MFMA.
- b) is fair, equitable, transparent, competitive and cost effective;
- c) complies with –
  - (i) the regulatory framework prescribed in Chapter 2 of the Regulations; and
  - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the MFMA.

- 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.

5.3 The municipality may not act otherwise than in accordance with this supply chain management policy when –

- a) procuring goods or services;
- b) disposing of goods no longer needed;
- c) selecting contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies;
- d) in the case of a municipality, selecting external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act;
- e) the procurement of goods and services under a contract secured by that other organ of state, provided that the relevant supplier has agreed to such procurement.

5.4 Subparagraphs 5.2 and 5.3 of this policy, except where specifically provided otherwise, do not apply in the circumstances described in section 110 (2) of the MFMA, including –

- a) Water from the Department of Water Affairs or a public entity, another municipality or a municipal entity;

- b) Electricity from Eskom or another public entity, another municipality or a municipal entity; and
- c) services from Telkom and the Post Office.

## **6. SUPPLY CHAIN MANAGEMENT UNITS**

- 6.1 The accounting officer must establish a supply chain management unit to implement this supply chain management policy.
- 6.2 The supply chain management unit must, where possible, operate under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the MFMA.
- 6.3 The training of officials involved in implementing the supply chain management policy should be in accordance with any Treasury guidelines on supply chain management training and must be incorporated in the skills development plan of the Central Karoo District Municipality.

## **7. DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES**

- 7.1 The council hereby delegates such additional powers and duties to the accounting officer so as to enable the accounting officer –
  - a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –
    - (i) Chapter 8 or 10 of the MFMA; and
    - (ii) the Supply Chain Management Policy.
  - b) to maximize administrative and operational efficiency in the implementation of the supply chain management policy;
  - c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favoritism and unfair and irregular practices in the implementation of the supply chain management policy; and

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

7.2 Sections 79 and 106 of the MFMA apply to the sub delegation of powers and duties delegated to an accounting officer in terms of subparagraph 7.1 of this policy.

7.3 The council or accounting officer may not delegate or sub delegate any supply chain management powers or duties to a person who is not an official of the municipality or to a committee which is not exclusively composed of officials of the municipality.

7.4 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 9 of this policy.

7.5 Sub-delegations –

7.5.1 The accounting officer may in terms of section 79 or 106 of the MFMA 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 (3) and paragraph 7.1 of this policy.

7.5.2 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 Head of Department; or

- (iii) a bid adjudication committee of which the chief financial officer or a head of department 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 Head of Department; or
  - (iii) a manager directly accountable to the chief financial officer or a head of department as indicated in the Council system of delegations; or
  - (iv) a bid adjudication committee.

7.5.3 An official or bid adjudication committee to which the power to make final awards has been sub delegated in accordance with subparagraph 7.1 of this policy must within five days of the end of each month submit to the official referred to in subparagraph (7.1) of this policy a written report containing particulars of each final award made by such official or committee during that month, including–

- a) the amount of the award;
- b) the name of the person to whom the award was made; and
- c) the reason why the award was made to that person.

7.5.4 A written report referred to in subparagraph (3) of this policy must be submitted –

- a) to the accounting officer, in the case of an award by –
  - (i) the Chief Financial Officer;
  - (ii) a Head of Department; or

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

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

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

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

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

7.5.6 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 providing for in paragraph 19 otherwise than through the committee system provided for in paragraph 19 of this policy.

7.5.7 No supply chain management decision-making powers may be delegated to an advisor or consultant.

## 7.6 Oversight role of council:

7.6.1 The council must maintain oversight over the implementation of this supply chain management policy.

7.6.2 For the purposes of such oversight the accounting officer must –

a) within 30 days of the end of each financial year, submit a report on the implementation of the supply chain management policy of the municipality and of any municipal entity under its sole or shared control, to the council of the municipality,

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

7.6.3 The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor.

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

## **8. FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT**

**8.1 This supply chain management policy provides systems for –**

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

### **8.2 System of Demand Management**

8.2.1 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.

8.2.2 The demand management system must:

- a) include timely planning and management processes to ensure that all goods and services required by the Central Karoo District Municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical

delivery dates, and are of 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;
- c) provide for the compilation of the required specifications to ensure that its needs are met; and
- d) provide for an appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

### **8.3 System of Acquisition Management**

8.3.1 The accounting officer must establish, through operational procedures, an effective system of acquisition management in order to ensure –

- a) that goods and services are procured by the municipality or municipal entity 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 MFMA;
- 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.

8.3.2 This supply chain management policy, except where provided otherwise in the policy, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the MFMA, including –

- a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity;
- b) electricity from Eskom or another public entity, another municipality or a municipal entity;
- c) services from Telkom and Post Office;
- d) audit fees;
- e) licenses;
- f) bursaries and student practical work;
- g) compensation for injuries and diseases;
- h) congresses and professional meetings;
- i) professional/membership fees;
- j) donations and grants by Council;
- k) medical expenses not on contract;
- l) reference books and magazines;
- m) legal expenses;
- n) mayoral donations;
- o) intergovernmental charges;

- p) employee and councilor related costs;
- q) advertisements;
- r) cell phone contracts;
- s) laboratory services;
- t) courier services; and
- u) payments for accommodation that had to be arranged on short notice.

8.3.3 The following information must be made public wherever goods or services contemplated in section 110(2) of the MFMA are procured other than through the supply chain management system –

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

8.3.4 The Accounting Officer may on motivation of a Senior Manager extend the bid closing date, if circumstances justify the action, provided that the closing dates may not extended unless a notice is published by the Manager: Supply Chain Management in the same newspapers as the original advertisement as well as the website, prior to the original bid closing date. All prospective bidders must also be informed in writing by the relevant Senior Manager of the extension of the bid closing date.

8.3.5 Unless otherwise indicated in the bid documents, the municipality shall not be liable for any expenses incurred in the preparation and / or submission of a bid or quotation.

## 8.4 Logistics Management

8.4.1 The accounting officer must establish an effective system of logistics management in order to provide for the setting of inventory levels, placing of orders, receiving and distribution of goods, stores and warehouse management, expediting orders, transport management, vendor performance, maintenance and contract administration, which must include:

a) Placing of requisitions/orders:

- i) Acquisitions will be initiated by the completion of a requisition that must be submitted to the SCM unit;
- ii) Requisitions must be approved at management level in terms of the approved delegations;
- iii) Purchase orders will be created with reference to requisitions where the supply source is either bids or quotations;
- iv) Orders must be approved at management level in terms of the approved delegations.

b) Receiving of goods:

- i) Goods received must be captured on the municipality's financial system with reference to the relevant purchase order number (invoice);
- ii) Deliveries of goods may not exceed the order quantity or value.

c) Stores / Warehouse management:

- i) Stock is valued at the first-in-first-out per item and is VAT exclusive;
- ii) Regular monitoring of spending patterns on types or classes of goods must be performed, where practical;
- iii) Each item must have a unique stock item number;

- iv) Each stock item must have a minimum, maximum and re-order level;
  - v) 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;
  - vi) the storekeeper must ensure that appropriate standards of internal control and warehouse management are adhere to, to ensure that goods placed in stores are secure, safe and only used for the purpose for which they were purchased;
- d) regular checking to ensure that all assets are properly managed, appropriately maintained and only used for official purposes; and
  - e) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

## **8.5 Disposal Management**

- 8.5.1 The accounting officer must establish an effective system of disposal management for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the MFMA.
- 8.5.2 The disposal of assets must be done as determined by the asset management policy and / or the management and administration of immovable assets policy.

## **8.6 Risk Management**

- 8.6.1 The accounting officer must establish an effective system of risk management for the identification, consideration and avoidance of potential risks in the supply chain management system.

#### 8.6.2 Risk management must include –

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

### 8.7 Contract and Performance Management

#### 8.7.1 Contract Management

- a) Contract administration includes all administrative duties associated with a contract that has arisen through the acquisition/procurement processes described in this policy.
- b) All contracts must be administered by a contract manager, who will be an internal official assigned to ensure the effective administration of the contract.
- c) The contract manager will typically be the internal project manager assigned to the project as a whole but may also be a cost center owner or other responsible official or the function can be situated with the SCM Office.
- d) A contract manager must be assigned to each contract and, where possible, should be involved from the earliest stages of the acquisition process.
- e) The contract manager's duties and powers shall be governed by the conditions of contract and the general law.

- f) In administering a contract, the contract manager will be required to form opinions and make decisions which, while in the Municipality's best interests, must be fair to all parties concerned.
- g) Senior Managers shall be responsible for ensuring that contract managers are:
  - i) assigned to all contracts within the Senior Manager's area of responsibility; and
  - ii) adequately trained so that they can exercise the necessary level of responsibility in the performance of their duties.
- h) The contract manager must:
  - i) ensure that all the necessary formalities in signing up the contract and/or issuing the purchase order(s) are adhered to;
  - ii) ensure that purchase orders are captured on the municipality's financial system in the form in accordance with the pricing schedule;
  - iii) ensure that all original contract documentation is lodged with Archives for record purposes;
  - iv) where necessary, take appropriate action where a service provider is underperforming or is in default or breach of the contract and to report such failures promptly to the accounting officer;
  - v) contract variation or change procedures are approved by the accounting officer in writing which must be in line with the applicable general conditions of contract and this policy;
  - vi) administer disputes, in consultation with the Supply Chain Management Unit, in terms of this policy and the applicable conditions of contract;
  - vii) conduct, as appropriate, post contract reviews;

- viii) the SCM unit will inform the Asset Management section of the location of newly procured assets for asset register and insurance purposes; and
- ix) provide contract information to the Supply Chain Management Unit, as determined by the unit, after a contract has ended.

#### 8.7.2 Performance Management

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

### 9. RANGE OF PROCUREMENT PROCESSES

9.1 The procurement of goods and services through this policy is provided by way of –  
SEE DELEGATIONS REGISTER ATTACHED AS ANNEXURE A.

- a) petty cash purchases, up to a transaction value of R200 (VAT included) – can be made in cash from petty cash maintained with cashier;
- b) no quotations required for procurements below R 2 000 (VAT included) as it is also considered to be a petty cash purchase;
- c) three written or verbal quotations for procurements of a transaction value over R 2 000 up to R 5 000 (VAT included);
- d) three written quotations for procurements of a transaction value of above R 5 000 up to R 30 000 (VAT included);
- e) procurements above R 30 000 but below R 200 000 (VAT included) must be done via formal price quotations, it therefore must be advertised for 7 days. The evaluation of the bid must be done using the 80/20 principle;
- f) procurements above R 200 000 but below R 50 000 000 (VAT included) must be done via a competitive bidding process and the evaluation of the bid must be done using the 80/20 principle;

- g) the calculation of the 80/20 preference point system for acquisition of goods or services for Rand value equal to or above R30 000 and up to R50 million will be done as follows:

$$P_s = 80 \left[ 1 - \frac{P_t - P_{\min}}{P_{\min}} \right]$$

Where –

- $P_s$  = Points scored for price of tender under consideration;  
 $P_t$  = Price of tender under consideration; and  
 $P_{\min}$  = Price of lowest acceptable tender.

The following table must be used to calculate the score out of 20 for B-BBEE:

B-BBEE Status Level of Contributor	Number of Points
1	20
2	18
3	14
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

- procurements above R 50 000 000 (VAT included) must be done via a competitive bidding process and must be evaluated using the 90/10 principle;
- the calculation of the 90/10 preference point system for acquisition of goods or services for Rand value above R50 million.

$$P_s = 90 \left[ 1 - \frac{P_t - P_{\min}}{P_{\min}} \right]$$

Where –

$P_s$  = Points scored for price of tender under consideration;  
 $P_t$  = Price of tender under consideration; and  
 $P_{\min}$  = Price of lowest acceptable tender.

The following table must be used to calculate the score out of 20 for B-BBEE:

B-BBEE Status Level of Contributor	Number of Points
1	10
2	9
3	6
4	5
5	4
6	3
7	2
8	1
Non-compliant contributor	0

- no long-term contracts may be entered into without following the competitive bidding process.

9.2 The accounting officer may, in writing –

- a) lower, but not increase, the different threshold values specified in subparagraph 9.1; or

9.3 Goods or services may not deliberately be split into parts or item of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

9.4 General preconditions for consideration of written quotations or bids:

9.4.1 A written quotation or bid may not be considered unless the provider who submitted the quotation or bid is registered on the Central Supplier Database ("CSD") –

- 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
  - iv) the Central Supplier Database Registration Number.
- b) has authorized the municipality to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order, the CSD registration number can be used by the Municipality to verify the tax clearance status of the vendor; 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 Senior Managers, managers, principal shareholders or stakeholder is in the service of the

- state, or has been in the service of the state in the previous twelve months; or
- iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months;
- iv) Their individual identity numbers, state employee numbers of those who are in the service of the state.

9.4.2 The Central Supplier Database was established as source of the information required above and the municipality may therefore utilize the information on the Database in support of the requirements above. The Municipality will therefore no longer be required to maintain separate supporting documentation of the requirements listed above, confirmation from the CSD will serve as evidence of the supplier meeting the SCM regulated criteria.

## **9.5 List of Accredited Prospective Service Providers**

9.5.1 The accounting officer must –

- a) keep a list of accredited prospective providers of goods and services that may be used for the procurement requirements through written or verbal quotations and formal written price quotations synchronized with the National Treasury Supplier Database; and
- b) use the National Treasury Central Supplier Database supplier number starting with “MAAA” which is auto generated by the central database system after successful registration and validation of the prospective service provider as mandatory requirement as part of listing criteria for accrediting prospective service provider in line with Section 14(1)(b) of the Municipal Supply Chain Management Regulations;

- c) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to register on the CSD.

## **9.6 Petty Cash Purchases**

9.6.1 The accounting officer must establish the conditions for the procurement of goods by means of petty cash purchases, which must include conditions –

- a) determining the terms on which a manager may delegate responsibility for petty cash to an official reporting to the manager;
- b) excluding any types of expenditure from petty cash purchases, where this is considered necessary; and
- c) requiring monthly reconciliation reports from each manager to the chief financial officer, including –
  - i) the total amount of petty cash purchases for that month; and
  - ii) receipts and appropriate documents for each purchase.

## **9.7 Written or Verbal Quotations**

9.7.1 The accounting officer must establish the conditions for the procurement of goods or services through written or verbal quotations, which must include conditions stating –

- a) that quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality or municipal entity, provided that if

quotations are obtained from providers who are not listed, such providers must meet the listing criteria in the supply chain management policy required by 14(1)(b) and (c) of this policy;

- b) Where no suitable providers are available from the list of accredited prospective providers, quotations may be obtained from other possible providers;
- c) that, to the extent feasible, providers must be requested to submit such quotations in writing;
- d) that if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer and be dealt with in terms of S36(1)(a)(iv);
- e) that the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- f) that if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

## **9.8 Formal Written Price Quotations**

9.8.1 The accounting officer must establish the conditions for the procurement of goods or services through formal written price quotations, which must include conditions stating–

- a) that quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality or municipal entity;

- b) that quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria in the supply chain management policy required by paragraph 9.5;
- c) that if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer and be dealt with in terms of S36(1)(a)(iv); and
- d) that the accounting officer must record the names of the potential providers and their written quotations.

9.8.2 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.

## **9.9 Procedures for Procuring Goods or Services through Written or Verbal Quotations and Formal Written Price Quotations**

9.9.1 The accounting officer must determine the operational procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, which must stipulate –

- a) that 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 9.8, be advertised for at least seven days on the website and an official notice board of the municipality or municipal entity;
- b) that when using the list of accredited prospective providers, the accounting officer must promote ongoing competition amongst providers, including by inviting providers to submit quotations on a rotation basis;

- c) offers received must be evaluated on a competitive basis taking into account unconditional discounts;
- d) 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 or services and the lowest price;
- e) acceptable offers above R30 000 (VAT included) are subjected the preference points system and must be awarded to the bidder with the highest points;
- f) that the accounting officer must take all reasonable steps to ensure that the procurement of goods and services through written or verbal quotations or formal written price quotations is not abused;
- g) that 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; and
- h) requirements for proper record keeping:
  - i) original/legal copies of written or formal written price quotation should be kept in a secure place for reference purposes;
  - ii) notwithstanding the above requirements for consideration a written and formal written price quotation may not be accepted.

## **9.10 Competitive Bidding Process**

- 9.10.1 Goods or services above a transaction value of R200 000 (VAT included) and long-term contracts may only be procured through a competitive bidding process, subject to paragraph 5.4 of this policy; and

- 9.10.2 No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

## **9.11 Process for Competitive Bidding**

- 9.11.1 The procedures for a competitive bidding process for each of the following stages:

- a) the compilation of bidding documentation;
- b) the public invitation of bids;
- c) site meetings or briefing sessions, if applicable;
- d) the handling of bids submitted in response to public invitation;
- e) the evaluation of bids;
- f) the award of contracts;
- g) the administration of contracts; and
- h) proper record keeping.

## **9.12 Bid Documentation for Competitive Bids**

- 9.12.1 The accounting officer must establish the criteria to which bid documentation for a competitive bidding process must comply, which in addition to paragraph 9.4 of this policy, the bid documentation must –

- a) take into account –
  - i) the general conditions of contract;
  - ii) any Treasury guidelines on bid documentation; and

iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure and the General Conditions of Contract;

b) When the requirements of the Construction Industry Development Board apply, the following are the minimum requirements should be met:

- i) The verification of contractor registration and grading on the CIDB website;
- ii) Utilization of contractors registered with the CIDB;
- iii) Ensuring that the prescribed CIDB (uniformity standard bid documents) bid documents for construction related are utilized;
- iv) Assessing bidders' documents against the prescribed CIDB contractor requirements;
- v) Registration of every project approved by the municipality, consisting of construction works contract with the CIDB;
- vi) The advertising of construction contracts on the CIDB i-tender system;
- vii) The updating the record on completion of contracts registered on the i-tender system;
- viii) Issuing of dates in respect of completion certificates, renewals, terminations or cancellations, the settlement of all amounts owing to contractors in accordance with contracts and the submission of status reports to the CIDB;
- ix) The placing of registered contractors under any restriction to participate in public procurement as contemplated in the CIDB Regulations;
- x) Suspension and deregistration of contractors as contemplated in the CIDB Regulations;

- xi) Dealing with complaints and grievances lodged in respect of actions taken in terms of the CIDB Regulations;
- xii) Failure to comply with the CIDB Regulations;
- xiii) Construction contracts arranged by consultants at adhere to all of the above-mentioned requirements and CIDB Regulations;
- xiv) Consultants' remuneration is aligned to the CIDB's guidance;
- xv) Consultants providing consulting service for construction related contracts and any of their affiliates be disqualified from subsequently providing of works or services related to the project.

Subcontracting arrangements and joint-venture initiatives to be aligned to CIDB guidelines and requirements.

- c) include 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 –
    - for the past three years; or
    - since their establishment if established during the past three years;

- ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
  - iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material noncompliance 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.

### **9.13 Public Invitation for Competitive Bids**

9.13.1 The accounting officer must determine the procedure for the invitation of competitive bids, which must stipulate that:

- a) On completion of the bid specification process the municipality shall publicly invite bids.
- b) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or municipal entity or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
- c) The notice may require a payment of a non-refundable bid fee by bidders who require bid documents.

- d) the information contained in a public advertisement, must include –
  - i) the title of the proposed bid;
  - ii) the bid number;
  - iii) the date, time and location of any proposed site meetings or bid clarification meeting and whether such meetings are compulsory;
  - iv) whether functionality is required;
  - v) the place where the bid documentation is available for collection and the times between which bid documents may be collected;
  - vi) the bid documentation fee;
  - vii) the place where bids must be submitted;
  - viii) the closure date and time for the submission of bids;
  - ix) the required CIDB contractor grading for construction work, if applicable.
- e) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long-term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy; and
- f) a statement that bids may only be submitted on the bid documentation provided by the municipality or municipal entity; and

9.13.2 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.

- 9.13.3 Bids submitted must be sealed and must clearly indicate the bid number and title for which the bid is being submitted.
- 9.13.4 Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.
- 9.13.5 The accounting officer of the municipality is required to advertise all bids on the eTender Publication Portal. The bid advertised must contain at least the following information:
- a) Bid description;
  - b) Bid number;
  - c) Name of the municipality;
  - d) The physical location where the goods, services or works specified in the bid are required;
  - e) The closing date and time of the bid;
  - f) The municipality's contact details (postal and physical address, telephone number, e-mail address, etc.);
  - g) The physical location where hard copies of the bids can be collected; and
  - h) The bid documents (MBDs, Terms of reference, General contracting conditions and other relevant documents).

## **9.14 Site Meetings/ Bid Clarification Meetings**

- 9.14.1 Site meetings/ bid clarification meetings will, in general, not be compulsory. In exceptional circumstances however, a site meeting/ bid clarification meeting may be made compulsory with the approval of the relevant Senior Manager.
- 9.14.2 If site meetings/ bid clarification meeting are to be held, full details must be included in the bid notice and the bid document, including whether or not the site meeting/ bid clarification meeting is compulsory.
- 9.14.3 Where site meetings/ bid clarification meetings are made compulsory, the date for the site meetings/ bid clarification meeting shall be not less than 7 (seven) days after the bid has been advertised.
- 9.14.4 Site meetings/ bid clarification meeting will be chaired by a duly authorized representative from the Supply Chain Management Unit. The relevant line manager responsible for a specific bid or the duly appointed consulting engineering firm employee must be present at the site meetings/ bid clarification meeting in order to provide technical information and to answer technical related questions that might arise from the prospective bidders.
- 9.14.5 The chairperson of the site meeting/ clarification meeting must explain the way how the site meetings/ bid clarification will be conducted and must exclude prospective bidders that arrive after the meeting has been opened.
- 9.14.6 Prospective bidders present at the site meetings/ bid clarification meeting, will be required to confirm their attendance by signing the attendance register as provided by the Supply Chain Management Unit.
- 9.14.7 In instances where bid documentation provides for an attendance certificate, such a certificate must be signed by the representative of the Supply Chain Management Unit who was present at the site meetings/ bid clarification meeting and submitted with the bid document.

- 9.14.8 If at a site meetings/ bid clarification meeting, any additional information is provided or clarification of vague points is given, such additional information or clarification must be conveyed to all bidders in writing within a time frame as determined by the municipality, but not later than 7(seven) days before the bid closing date.
- 9.14.9 Drawings and other supplements to bid documents may be provided to prospective bidders at the site meetings/ bid clarification meeting.
- 9.14.10 A bidder who failed to attend a compulsory site meeting/ bid clarification meeting will be disqualified from the bidding process.

## **9.15 Submission of Bids and Samples**

- 9.15.1 Bids must be submitted before the closing time, at the address and in accordance with the directives in the bid documents.
- 9.15.2 Each bid must be in writing using non-erasable ink and must be submitted on the official Form of Bid/Offer issued with the bid documents.
- 9.15.3 The bid must be submitted in a separate sealed envelope with the name and address of the bidder, the bid number and title, the bid box number (where applicable), and the closing date indicated on the envelope. The envelope may not contain documents relating to any bid other than that shown on the envelope. Only sealed bids will be accepted.
- 9.15.4 The onus shall be on the bidder to place the sealed envelope in the official, marked and locked bid box provided for this purpose, at the designated venue, not later than the closing date and time specified in the bid notice.
- 9.15.5 No bids forwarded by telegram, facsimile or similar apparatus shall be considered.

- 9.15.6 A bid is late if it is not placed in the relevant bid box by the closing time and date of such bid.
- 9.15.7 A late bid shall not be admitted for consideration and shall be returned unopened (where feasible) to the bidder with the reason for the return thereof endorsed on the envelope.
- 9.15.8 Bid documents may require samples that must be submitted.
- 9.15.9 Where samples are called for in the bid documents, samples (marked with the bid and item number as well as the bidder's name and address) shall be delivered separately (to the bid) to the Supply Chain Management representative mentioned in the bid document before the bid closing date.
- 9.15.10 A register will be kept by the Supply Chain Management representative of samples received from prospective bidders. An acknowledgement of receipt shall be issued to the prospective bidder as proof of delivery.
- 9.15.11 Bids may not be included in parcels containing samples.
- 9.15.12 If samples are not submitted as required in the bid documents then the bid concerned must be declared non-responsive.
- 9.15.13 Samples shall be supplied by a bidder at his/her own expense and risk. The municipality shall not be obliged to pay for such samples or compensate for the loss thereof, unless otherwise specified in the bid documents.
- 9.15.14 If a bid is accepted for the supply of goods according to a sample submitted by the bidder, that sample will become the contract sample. All goods/materials supplied shall comply in all respects to that contract sample. If not, it might be deemed as a breach in contract.
- 9.15.15 The municipality reserves the right not to return the contract sample and may dispose of it at its own discretion.

## **9.16 Procedure for Handling, Opening and Recording of Bids**

- 9.16.1 At least two officials, of which one must be the delegated Supply Chain Management representative, must at all times administer the opening of bids.
- 9.16.2 The accounting officer must determine the procedures for the handling, opening and recording of bids, which must stipulate that:
- a) Bids—
    - i) must be opened only in public; and
    - ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
    - iii) bids received after closing time must not be considered and must be returned unopened immediately; and
  - 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; and
  - c) No information, relating to bid other than one in subparagraph (b) may be disclosed to bidders or other persons until an official award is made; and
  - d) The accounting officer must –
    - i) record in a register all bids received in time;
    - ii) make the register available for public inspection; and
    - iii) publish the entries in the register and the bid results on the website.

9.16.3 The procedure for the opening of bids where a two-envelope system is used is as follows:

- a) If a two-envelope system is followed, only the technical proposal will be opened at the bid opening.
- b) The unopened envelope containing the financial proposal shall be stamped and endorsed with the opening official's signature and be retained by him/her for safekeeping.
- c) Technical proposals shall be opened by the opening officials in accordance with paragraph 9.16.1.
- d) All bidders who submitted responsive technical proposals must be invited to attend the opening of the financial offers/bids.
- e) Envelopes containing financial offers/bids corresponding to non-responsive technical proposals shall be returned unopened along with the notification of the decision of the Bid Adjudication Committee in this regard.

## **9.17 Negotiations with Preferred Bidders**

9.17.1 The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidder, provided that such negotiation –

- a) does not allow any preferred bidder a second or unfair opportunity;
- b) is not to the detriment of any other bidder; and
- c) does not lead to a higher price than the bid as submitted.

9.17.2 Direct negotiations may be embarked on with existing tenants to permanently dispose of the property where Council is of the opinion that public competition would not serve a useful purpose and that the disposal or that renewal is aligned with Council's strategic objectives and in the interest of the Community, subject to such renewal being advertised calling for public comment.

9.17.3 Minutes of such negotiations must be kept for record purposes.

## **9.18 Two-stage Bidding Process**

9.18.1 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.

9.18.2 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.

9.18.3 In the second stage final technical proposals and priced bids should be invited.

## **9.19 Committee System for Competitive Bids**

9.19.1 The accounting officer is required to –

- a) establish a committee system for competitive bids consisting of at least –
  - i) a bid specification committee;

- ii) a bid evaluation committee; and
  - iii) a bid adjudication committee;
- b) appoint the members of each committee, taking into account section 117 of the MFMA; and
- c) provide for an attendance or oversight process by a neutral or independent observer, appointed by the accounting officer, when this is appropriate for ensuring fairness and promoting transparency.

9.19.2 The committee system must be consistent with –

- a) paragraph 9.20, 9.21 and 9.23 of this policy; and
- b) any other applicable legislation.

9.19.3 The accounting officer may apply the committee system to formal written price quotations.

## **9.20 Bid Specification Committees**

9.20.1 The bid specification committee must compile the specifications for each procurement of goods or services by the municipality or municipal entity.

9.20.2 Specifications –

- a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
- b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organization, or an authority accredited or recognized by the South African National Accreditation System with which the equipment or material or workmanship should comply;

- c) where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
- d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;
- e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the words "equivalent";
- f) must indicate the points system to be utilized for which points may be awarded in terms of the Preferential Procurement Regulations 2017; and
- g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 9.13 of this policy.

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

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

## **9.21 Bid Evaluation Committees**

### **9.21.1 The bid evaluation committee must –**

- a) evaluate bids in accordance with –
  - i) the specifications for a specific procurement; and
  - ii) the points system set out in terms of paragraph 9.20.2(f).
- b) evaluate each bidder's ability to execute the contract;
- c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;
- d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

### **9.21.2 The bid evaluation committee must as far as possible be composed of–**

- a) officials from departments requiring the goods or services; and
- b) at least one supply chain management practitioner of the municipality.

## **9.22 Bid Adjudication Committee**

### **9.22.1 The bid adjudication committee must –**

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

- b) either –
  - i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
  - ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.

9.22.2 The bid adjudication committee must consist of at least four senior managers of the municipality or municipal entity which must include –

- a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
- b) at least one senior supply chain management practitioner who is an official of the municipality; and
- c) a technical expert in the relevant field who is an official, if such an expert exists.

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

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

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

- a) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears; and
- b) notify the accounting officer.

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 (a); 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.

9.22.6 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.

9.22.7 The accounting officer must comply with section 114 of the MFMA within 10 working days.

## **9.23 Procurement of Banking Services**

9.23.1 Banking services –

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

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

- 9.23.3 The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 9.13.1. Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

## **9.24 Procurement of IT Related Goods or Services**

- 9.24.1 The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- 9.24.2 Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- 9.24.3 The accounting officer must notify SITA together with a motivation of the IT needs if –
- a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
  - b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- 9.24.4 If a SITA comment 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.
- 9.24.5 No IT related goods or services must be procured without the written consent or knowledge of the IT department.

**9.25 Procurement of Goods and Services under Contracts Secured by Other Organs of State**

9.25.1 The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –

- a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
- b) there is no reason to believe that such contract was not validly procured;
- c) there are demonstrable discounts or benefits to do so; and
- d) that other organ of state and the provider have consented to such procurement in writing.

9.25.2 Subparagraph (1)(c) and (d) do not apply if –

- a) a municipal entity procures goods or services through a contract secured by its parent municipality; or
- b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

**9.26 Procurement of Goods Necessitating Special Safety Arrangements**

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

- 9.26.2 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.

## **9.27 Proudly SA Campaign**

- 9.27.1 The accounting officer must determine internal operating procedures supporting the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:

- a) Firstly –suppliers and businesses within the municipality or district;
- b) Secondly – suppliers and businesses within the relevant province;
- c) Thirdly – suppliers and businesses within the Republic of South Africa.

## **9.28 Appointment of Consultants**

- 9.28.1 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.

- 9.28.2 Consultancy services must be procured through competitive bids if –

- a) the value of the contract exceeds R200 000 (VAT included);  
or
- b) the duration period of the contract exceeds one year.

9.28.3 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.

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

## **9.29 Deviation from, and Ratification of Minor Breaches of Procurement Processes**

9.29.1 The accounting officer may –

- a) dispense with the official procurement processes established by this policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only:
  - i) in an emergency;
  - ii) if such goods or services are produced or available from a single provider only;
  - iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
  - iv) acquisition of animals for zoos and/or nature and game reserves; or
  - v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and

- b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

9.29.2 The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.

9.29.3 Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 5.4 of this policy.

### **9.30 Unsolicited Bids**

9.30.1 In accordance with section 113 of the MFMA there is no obligation to consider unsolicited bids received outside a normal bidding process.

9.30.2 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.

9.30.3 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.

9.30.4 All written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, must be submitted to the National Treasury and the relevant provincial treasury for comment.

9.30.5 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.

9.30.6 A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.

9.30.7 When considering the matter, the adjudication committee must take into account –

- a) any comments submitted by the public; and
- b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.

- 9.30.8 If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- 9.30.9 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.

**9.31 Publication of Notices of Bid Awards, Cancellations, Deviations, Variations and Extensions on the eTender Publication Portal**

- 9.31.1 The advertisement of bids and publication of awards on the eTender Publication Portal is additional to the requirement specified in the SCM Regulation 22(1)(a). This initiative supports government's drive to improve access to government business opportunities, reduce red tape and duplication of administrative effort in doing business with the state designed to improve the use of technology across all spheres of government.
- 9.31.2 The municipality should ensure that closing dates of bids advertised in the Government Tender Bulletin and other mediums are the same as for those bids that are advertised on the eTender publication portal.
- 9.31.3 The accounting officer of the municipality is required to publish the awards of all competitive bids on the eTender publication portal.
- 9.31.4 The municipality should publish the following information on successful bids within seven working days of awarding the bids:
- a) Names of the successful bidder(s) and preference points claimed;
  - b) Contract price(s);

- c) Contract period;
- d) Contract details;
- e) Names of Directors; and
- f) Date of completion / award.

9.31.5 The municipality should publish the following information on unsuccessful bids within seven working days of awarding the bids:

- a) Names of the unsuccessful bidder(s);
- b) Date of completion / award.

9.31.6 Notice of a cancelled bid must be published on the same day, or at the latest, the day after the municipality decided to cancel a bid.

9.31.7 Notice of all awards to suppliers through deviations from competitive bidding procedures must be published on the eTender Publication Portal within seven working days after the award was made.

9.31.8 Notice of awards through variations and extensions of existing contracts must be published on the eTender Publication Portal within seven working days after the award was made.

## **9.32 Local Production and Content**

9.32.1 The Department of Trade and Industry may, in consultation with the National Treasury designate a sector, sub-sector or industry or product in accordance with the national development and industrial policies for local production and content, where only locally produced services or goods or locally manufactured meet the stipulated minimum threshold for local production and content taking into account economic and other relevant factors and stipulate a minimum threshold for local production

and content. The National Treasury must inform the municipality of any designations made through the issue of a circular.

- 9.32.2 In the case of designated sectors, such bids must be advertised with a specific condition of bidding that only locally produced goods or locally manufactured goods, meeting the stipulated minimum threshold for local production and content will be considered.
- 9.32.3 Any instructions, circulars and guidelines issued by National Treasury in the above regard must be complied with.
- 9.32.4 Where there is no designated sector, bids may include, as a specific condition of bidding, that only locally produced goods or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered, on condition that such prescript and threshold(s) are in accordance with the specific directives issued for this purpose by the National Treasury in consultation with the Department of Trade and Industry.
- 9.32.5 A person awarded a contract in relation to a designated sector, may not subcontract in such a manner that the local production and content of the overall value of the contract is reduced to the below the stipulated minimum threshold.
- 9.32.6 A bid that falls to meet the minimum stipulated threshold for local production and content is an unacceptable bid.

## **10. COMBATING OF ABUSE OF SUPPLY CHAIN MANAGEMENT SYSTEM**

- 10.1 The accounting officer must establish measures for the combating of abuse of the supply chain management system, which must stipulate the following:

- 10.1.1 The accounting officer must –

- a) take all reasonable steps to prevent abuse of the supply chain management system;

- b) investigate any allegations against an official or other role player of fraud, corruption, favoritism, unfair or irregular practices or failure to comply with this supply chain management policy, and when justified –
  - i) take appropriate steps against such official or other role player; or
  - ii) report any alleged criminal conduct to the South African Police Service;
- c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
- d) reject any bid from a bidder–
  - i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or
  - ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
- e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;

- f) cancel a contract awarded to a person if –
  - i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
  - ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- g) reject the bid of any bidder if that bidder or any of its directors –
  - i) has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
  - ii) has been convicted for fraud or corruption during the past five years;
  - iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public-sector contract during the past five years; or
  - iv) has been listed in the Register for Tender Defaulters in terms section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

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

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

11.1 The accounting officer must ensure that, irrespective of the procurement process followed, no award above R30 000 is given to a person whose tax matters have not been declared by the South African Revenue Service to be in order.

- 11.2 Before making an award to a person the accounting officer must first check with SARS/CSD whether that person's tax matters are in order.
- 11.3 If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.
- 11.4 It is the supplier's responsibility to provide the municipality with a valid and original tax clearance certificate.

**12. PROHIBITION ON AWARDS TO PERSONS IN THE SERVICE OF THE STATE**

- 12.1 The accounting officer must ensure that irrespective of the procurement process followed, no award may be given to a person –
- a) who is in the service of the state; or
  - b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
  - c) a person who is an advisor or consultant contracted with the municipality.
- 12.2 In the case of a false declaration of interest –
- a) the contract must be suspended immediately and a Section 32 investigation needs to be done;
  - b) criminal charges may be laid with the SA Police for further investigation;
  - c) must be reported to the chief financial officer.
- 12.3 The municipality may utilize mechanisms at its disposal to determine whether a person is in the service of the state.

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

13.1 The notes to the annual financial statements must disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

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

**14. ETHICAL STANDARDS**

14.1 A code of ethical standards is hereby established, in accordance with subparagraph (2), for officials and other role players in the supply chain management system in order to promote –

- a) mutual trust and respect; and
- b) an environment where business can be conducted with integrity and in a fair and reasonable manner.

14.2 An official or other role player involved in the implementation of the supply chain management policy –

- a) must treat all providers and potential providers equitably;
- b) may not use his or her position for private gain or to improperly benefit another person;
- c) may not accept any reward, gift, favor, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;

- d) notwithstanding subparagraph (2)(c), must declare to the accounting officer details of any reward, gift, favor, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
- e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the municipality;
- f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
- g) must be scrupulous in his or her use of property belonging to the municipality;
- h) must assist the accounting officer in combating fraud, corruption, favoritism and unfair and irregular practices in the supply chain management system; and
- i) must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including:
  - i) any alleged fraud, corruption, favoritism or unfair conduct;
  - ii) any alleged contravention of paragraph 15 of this policy; or
  - iii) any alleged breach of this code of ethical standards.

14.3 Declarations in terms of subparagraphs (2)(d) and (e) -

- a) must be recorded in a register which the accounting officer must keep for this purpose;

- b) by the accounting officer must be made to the mayor of the municipality who must ensure that such declarations are recorded in the register.

14.4 The National Treasury's code of conduct must also be taken into account by supply chain management practitioners and other role players involved in supply chain management.

14.5 It is recommended that the municipality or municipal entity adopt the National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management. When adopted, such code of conduct becomes binding on all officials and other role players involved in the implementation of the supply chain management policy of the municipality or municipal entity. A copy of the National Treasury code of conduct is available on the website [www.treasury.gov.za/mfma](http://www.treasury.gov.za/mfma) located under "legislation". This code of conduct must be adopted by council.

14.6 A breach of the code of conduct adopted by the municipality must be dealt with in accordance with schedule 2 of the Systems Act.

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

15.1 No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant:

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

15.2 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.

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

## **16. SPONSORSHIPS**

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

- a) a provider or prospective provider of goods or services; or
- b) a recipient or prospective recipient of goods disposed or to be disposed.

## **17. OBJECTIONS AND COMPLAINTS**

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

17.2 For procurement processes below R200 000.00, suppliers may do an inquiry regarding the results and be provided with written reasons as to why they did not receive the allocation.

## **18. RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES**

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

- a) to assist in the resolution of disputes between the municipality and other persons regarding –

- i) any decisions or actions taken in the implementation of the supply chain management system; or
    - ii) any matter arising from a contract awarded in the course of the supply chain management system; or
  - b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- 18.2 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.
- 18.3 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.
- 18.4 A dispute, objection, complaint or query may be referred to the relevant provincial treasury if –
- a) the dispute, objection, complaint or query is not resolved within 60 days; or
  - b) no response is forthcoming within 60 days.
- 18.5 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.
- 18.6 This paragraph must not be read as affecting a person's rights to approach a court at any time.

**19. CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER**

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

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

**20. EXPANSION OF VARIATION OF ORDERS AGAINST ORIGINAL CONTRACT VALUES**

20.1 Contracts may be expanded or varied by not more than 20% for construction related goods and infrastructure projects and 15% for all other goods and/or services of the original value of the contract.

20.2 Anything beyond the abovementioned thresholds must be reported to Council and dealt with in terms of the provision of section 116(3) of the MFMA Act 56 of 2003, will be regarded as an amendment to the contract.

**21. RELATED DOCUMENTS**

21.1 The following documents are related to this policy:

- a) Demand Management Policy;
- b) Asset Management Policy;
- c) Management and administration of immovable assets policy;
- d) Integrated Development Plan.

**22. REVIEW**

22.1 This Policy shall be reviewed at least annually during the annual budget process or when Legislation requires immediate amendment to the policy.

- 22.2 Where the National Treasury and the Provincial Treasury issue amendments, those instructions, must also be taken into account in the execution of the Supply Chain Management in addition to the Policy and the Policy amended at the earliest convenient opportunity.
- 22.3 When necessary, recommendations for amendments to the Policy deemed must be submitted to the council committees for consideration and approval.
- 22.4 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.
- 22.5 If the accounting officer submits proposed amendments to the Council that differs from the model policy issued by 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.
- 22.6 When amending this supply chain management policy, the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

## **23. EFFECTIVE DATE**

- 23.1 This policy shall come into effect on the date which it was adopted by Council and shall remain in full force and effect until it is reviewed, revoked or amended by Council.