

PRINCE ALBERT MUNICIPALITY



SUPPLY CHAIN MANAGEMENT POLICY

Final Policy

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TABLE OF CONTENTS

1.	DEFINITIONS.....	5
CHAPTER 1 - IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY.....		11
2.	ADOPTION AND AMENDMENT OF SUPPLY CHAIN MANAGEMENT POLICIES.....	11
3.	AMENDMENT OF THE SUPPLY CHAIN MANAGEMENT POLICY.....	12
4.	DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES.....	12
5.	SUB-DELEGATIONS.....	13
6.	OVERSIGHT ROLE OF COUNCIL.....	14
7.	SUPPLY CHAIN MANAGEMENT UNIT.....	15
8.	TRAINING OF SUPPLY CHAIN MANAGEMENT OFFICIALS.....	15
CHAPTER 2 - IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY.....		16
9.	FORMAT OF SUPPLY CHAIN MANAGEMENT SYSTEM.....	16
10.	SYSTEM OF DEMAND MANAGEMENT.....	16
11.	SYSTEM OF ACQUISITION MANAGEMENT.....	17
12.	RANGE OF PROCUREMENT PROCESSES.....	17
13.	GENERAL PRECONDITIONS FOR CONSIDERATION OF WRITTEN QUOTATIONS OR BIDS.....	18
14.	ACCREDITED PROSPECTIVE PROVIDERS.....	19
15.	PETTY CASH PURCHASES.....	20
16.	FORMAL WRITTEN PRICE QUOTATIONS (BETWEEN R 2 000.00 AND R 30 000.00).....	21
17.	PROCEDURE FOR PROCURING GOODS OR SERVICES THROUGH FORMAL WRITTEN PRICE QUOTATIONS.....	22
18.	COMPETITIVE BIDS.....	23
19.	PROCESS FOR COMPETITIVE BIDDING.....	23
20.	BID DOCUMENTATION FOR COMPETITIVE BIDS.....	24
21.	PUBLIC INVITATION FOR COMPETITIVE BIDS.....	25
22.	PROCEDURE FOR HANDLING, OPENING AND RECORDING OF BIDS.....	26
23.	NEGOTIATIONS WITH PREFERRED BIDDERS.....	26
24.	TWO-STAGE BIDDING PROCESS.....	27
25.	BID VALIDITY EXTENSIONS.....	27
26.	COMMITTEE SYSTEM FOR COMPETITIVE BIDS.....	27
27.	BID SPECIFICATION COMMITTEES.....	28

- 28. BID EVALUATION COMMITTEES..... 29
- 29. BID ADJUDICATION COMMITTEES 29
- 30. PROCUREMENT OF BANKING SERVICES..... 31
- 31. PROCUREMENT OF IT RELATED GOODS OR SERVICES 31
- 32. PROCUREMENT OF GOODS AND SERVICES UNDER CONTRACTS SECURED BY OTHER ORGANS OF STATE..... 32
- 33. PROCUREMENT OF GOODS NECESSITATING SPECIAL SAFETY ARRANGEMENTS 32
- 34. PROUDLY SA CAMPAIGN 32
- 35. APPOINTMENT OF CONSULTANTS..... 32
- 36. DEVIATION FROM, AND RATIFICATION OF, MINOR BREACHES OF PROCUREMENT PROCESSES 33
- 37. UNSOLICITED BIDS..... 34
- 38. COMBATING OF ABUSE OF SUPPLY CHAIN MANAGEMENT SYSTEM 35

- CHAPTER 3 - LOGISTICS, DISPOSAL, RISK AND PERFORMANCE MANAGEMENT 37**
- 39. LOGISTICS MANAGEMENT 37
- 40. DISPOSAL MANAGEMENT 37
- 41. RISK MANAGEMENT 39
- 42. PERFORMANCE MANAGEMENT 40

- CHAPTER 4 - OTHER MATTERS 41**
- 43. PROHIBITION ON AWARDS TO PERSONS WHOSE TAX MATTERS ARE NOT IN ORDER 41
- 44. PROHIBITION ON AWARDS TO PERSONS IN THE SERVICE OF THE STATE 41
- 45. AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE 41
- 46. ETHICAL STANDARDS 42
- 47. INDUCEMENTS, REWARDS, GIFTS AND FAVOURS TO THE MUNICIPALITY, OFFICIALS AND OTHER ROLE PLAYERS 42
- 48. SPONSORSHIPS 43
- 49. OBJECTIONS AND COMPLAINTS..... 43
- 50. RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES 43
- 51. CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER 44
- 52. TENDERS TO BE EVALUATED ON FUNCTIONALITY 44
- 53. CANCELLATION OF TENDER..... 45
- 54. CONSTRUCTION INDUSTRY DEVELOPMENT BOARD..... 46
- 55. ARCHIVE OF BIDDING DOCUMENTS..... 46

- 56. CONTRACT MANAGEMENT 47
- 57. MANAGEMENT OF EXPANSION OR VARIATION OF ORDERS AGAINST THE ORIGINAL CONTRACT ..
..... 48
- 58. CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS 48
- 59. PROCEDURES IN THE EVENT OF NON-OR POOR PERFORMANCE OF SERVICE PROVIDERS,
CONTRACTORS AND SUPPLIERS 49
- 60. SHORT TITLE AND COMMENCEMENT 54
- 61. ANNEXURES 54

1. DEFINITIONS

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

“Award points” means the points referred to in the Preferential Procurement Regulations, 2022 and the Preferential Procurement section of this policy, also referred to as “evaluation points”.

“All applicable taxes” includes value-added tax, pay as you earn, income tax, unemployment insurance fund contributions and skills development levies.

“Annual Bid / Term Bid” means a rates-based bid for the supply of goods, services or construction works, which are of an ad-hoc or repetitive nature where the individual rates are approved for use over a predetermined period of time.

“Asset” means a tangible or intangible resource capable of ownership.

“B-BBEE” means broad-based black economic empowerment as defined in section 1 of the Broad Based Black Economic Empowerment Act.

“B-BBEE Status Level of Contributor” means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act.

“Broad-Based Black Economic Empowerment Act” means the Broad-Based Black Economic Empowerment Act, 53 of 2003 and Codes of Good Practice pertaining thereto.

“Bidder” means any person submitting a bid.

“Capital Asset” means:

- a) any immovable asset such as land, property or buildings; or
- b) any movable asset that can be used continuously or repeatedly for more than one year in the production or supply of goods or services, for rental to others or for administrative purposes, and from which future benefit can be derived, such as plant, machinery and equipment.

“Central Supplier Database” means a single database that serves as the source of all supplier information for all spheres of government.

“Closing Time” means the time and day specified in the bid documents for the receipt of bids.

“Comparative Price” means the price after the factors of a non-firm price and all unconditional discounts that can be utilized have been taken into consideration.

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

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

“Construction Industry Development Board (CIDB) Act” means the Construction Industry Development Board Act, 38 of 2000 and includes the regulations pertaining thereto.

“Construction Works” in terms of the CIDB Regulations: means any work in connection with:

- a) the erection, maintenance, alteration, renovation, repair, demolition or dismantling of or addition to a building or any similar structure;
- b) the installation, erection, dismantling or maintenance of a fixed plant;
- c) the construction, maintenance, demolition or dismantling of any bridge, dam, canal, road, railway, sewer or water reticulation system or any similar civil engineering structure; or
- d) the moving of earth, clearing of land, the making of an excavation, piling or any similar type of work.

“Consultant” means a person or entity providing services requiring knowledge-based expertise and includes professional service providers.

“Contract” means the agreement which is concluded when the Prince Albert Municipality accepts, in writing, a bid or quote submitted by a provider.

“Contractor” means any person or entity whose bid or quote has been accepted by Prince Albert Municipality.

“Contract manager” means a line manager or budget cost centre manager or officials in the Project Management Unit with delegated authority.

“Day(s)” means calendar days unless the context indicates otherwise.

“Delegated Authority” means any person or committee delegated with authority by Prince Albert Municipality in terms of the provisions of the Municipal Finance Management Act.

“Emergency dispensation” means emergency as referred to in paragraph 36(a)(i)

- a) the conditions warranting Emergency dispensation should include the existence of one or more of the following:
 - i) the possibility of human injury or death;
 - ii) the prevalence of human suffering or deprivation of rights;
 - iii) the possibility of damage to property, or suffering and death of livestock and animals;
- b) the interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the Municipality as a whole;
- c) the possibility of serious damage occurring to the natural environment;
- d) the possibility that failure to take necessary action may result in the Municipality not being able to render an essential community service; and

- e) the possibility that the security of the state could be compromised.
- f) the prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, in order to allow time for the formal procurement process. Emergency dispensation shall not be granted in respect of circumstances other than those contemplated above.

“ePortal / eTender” means an electronic web portal is one specially designed web site that brings information together from diverse sources in a uniform way. The electronic portal is administrated by National Treasury and will be used to advertise bids, publish opening results of bids and awards.

“Evaluation of Bids” in respect of bids that exceed R200 000, shall be deemed to take place when the Bid Evaluation Committee meets to make a recommendation to the Bid Adjudication Committee.

“Evaluation Points” also referred to as “award points.

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

“Firm Price” means the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy, or tax, which, in terms of the law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract.

“Formal written price quotation” means quotations referred to in paragraph 12(1) of this Policy;

“Functionality” means the measurement according to predetermined norms, as set out in the bid or quotation documents, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a bidder. “Functionality” is also referred to as “Quality”.

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

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

“Joint Venture or Consortium” means an association of persons formed for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract or contracts. The Joint Venture must be formalised by agreement between the parties.

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

“Long term nature” means a contract that exceeds the duration of three years and Section 33 of the MFMA is applicable.

“List of accredited prospective providers” means the list of accredited prospective providers that is registered on the CSD.

“Obtain” means to come into possession of; get, acquire, or procure, as through an effort or by a request.

“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);
- c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);
- d) Value Added Tax Act, 1991 (Act 89 of 1991);
- e) Promotion of Access to Information Act (PAIA), 2000 (Act 2 of 2000);
- f) Public Protector Act, 1994 (Act 23 of 1994);
- g) Public Office Bearers Act, 1998 (Act 20 of 1998);
- h) State Information Technology Agency Act (SITA), 1998 (Act 88 of 1998);
- i) Competition Act (CA), 1998 (Act 89 of 1998).

“Plight of the poor” means the plight of a group of people or a section of a community where the majority of the households in a specific area qualify as indigent or poor in terms of the Municipality’s Indigent Policy.

“Policy” means this Supply Chain Management Policy as amended as prescribed in Municipal Supply Chain Management Regulations.

“Preference points” mean the points for preference referred to in this Policy.

“Preferential Procurement Policy Framework Act” (PPPFA): means the Preferential Procurement Policy Framework Act, 2000.

“Preferential Procurement Regulations” means the regulations pertaining to the PPPFA.

“Promotion of Administrative Justice Act” means the Promotion of Administrative Justice Act, 3 of 2000.

“Quality” also referred to as “Functionality”.

“Rand Value” means the total estimated value of a contract in South African currency, calculated at the time of bid invitations, and includes all applicable taxes and excise duties.

“Ratification of minor breaches of the procurement process” means the authority that the accounting officer has in terms of regulation 36(1)(b) of the Municipal Supply Chain Management Regulations to ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely technical in nature. In this instance the accounting officer can only rely on this provision if the official or committee who committed the breach had the delegated authority to perform the function in terms of the municipality’s adopted System of Delegations, which must be consistent with the MFMA and its regulations.

“Republic” means the Republic of South Africa.

“SARS” means the South African Revenue Services.

“Sole providers” can be broadly defined as manufacturers, licence holders, publishers, intellectual property holders or service providers appointed by a sole provider as their sole agent or distributor in a specific area.

“Sub-contractor” means any person or entity that is employed, assigned, leased or contracted by the prime contractor to carry out work in support of the prime contractor in the execution of a contract.

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

“Sole Supplier” refers to instances where there is no competition and only one service provider exist in the market, with sole distribution rights and/or patent rights or manufacturer.

“Supplier” is a generic term which may include suppliers of goods and services, contractors and/or consultants.

“Systems Act” means the Local Government: Municipal Systems Act, 32 of 2000.

“Technical nature” refers to a breach by a delegated official in terms of Regulation 36(1)(b) that has occurred in contravention with the adopted Supply Chain Management Policy due to a nondeliberate or unintentional oversight.

“Tender/Tenderer” means “bid/bidder” in the context of construction works procurement.

“Transaction Value” means the actual contract value (the bid sum or price) in South African currency, inclusive of all applicable taxes in respect of the goods, services or construction works that are contracted for.

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

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

“the Regulations” means the Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005.

“Trust” means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person.

“Trustee” means any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person.

“Unsolicited Bid” means an offer submitted by any person at its own initiative without having been invited by the Prince Albert Municipality to do so.

Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include females and words importing persons shall include companies, closed corporations and firms, unless the context clearly indicates otherwise. All amounts/limits stated in this document shall be deemed to be inclusive of Value Added Tax (VAT).

CHAPTER 1 - IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. ADOPTION AND AMENDMENT OF SUPPLY CHAIN MANAGEMENT POLICIES

- (1) The Council of Prince Albert Municipality resolves in terms of section 111 of the Act to adopt the following proposal as the Supply Chain Management Policy of Prince Albert Municipality.
- (2) The Municipal Manager shall in terms of section 62(1)(f)(iv) of the Act, take all reasonable steps to ensure that Prince Albert Municipality implement this Policy.
- (3) All officials and other role players in the supply chain management system of Prince Albert Municipality must implement this Policy in a way that –
 - a) gives effect to –
 - i) section 217 of the Constitution; and
 - ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
 - b) is fair, equitable, transparent, competitive and cost effective;
 - c) enhance the economic development of local communities, SMME's, women-owned enterprises and disabled-owned enterprises within the area of jurisdiction;
 - d) complies with –
 - i) the Regulations; and
 - ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act; and
 - e) is consistent with other applicable legislation.
 - f) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
 - g) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- (4) This Policy is applicable to the entire Prince Albert Municipality and must be adhered to when –
 - a) procuring goods or services;
 - b) procuring infrastructure;
 - c) disposing of redundant goods; and/or
 - d) selecting service providers other than in circumstances where Chapter 8 of the Systems Act applies.

- e) 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.

(5) This Policy does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –

- a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
- b) electricity from Eskom or another public entity, another municipality or a municipal entity.

3. AMENDMENT OF THE SUPPLY CHAIN MANAGEMENT POLICY

- (1) The Municipal Manager, through the Chief Financial Officer or duly authorised person, must annually review the implementation of the Policy.
- (2) The Municipal Manager must submit a draft policy or subsequent amendments to the Council for approval. Such policy or subsequent amendments must be in line with the model policy and Regulations as compiled by National Treasury. Deviations from the model policy or Regulations must in terms of Regulation 3 be reported to National and Provincial Treasury.
- (3) When preparing or amending the 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.
- (4) The accounting officer must in terms of section 62(1)(f)(iv) of the Act, take all reasonable steps to ensure that a supply chain management policy as set out in regulation 2 is implemented.

4. DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES

- (1) The Council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –
 - a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –
 - i) Chapters 8, 10 and 11 of the Act;
 - ii) this Policy;
 - b) to maximise administrative and operational efficiency in the implementation of this Policy;
 - c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and

- d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- (2) Sections 79 and 106 of the Act apply to the sub delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).
- (3) The Council or accounting officer may not subdelegate 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 municipality.
- (4) This policy may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

5. SUB-DELEGATIONS

- (1) The accounting officer may in terms of section 79 or 106 of the Act subdelegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub-delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.
- (2) The power to make a final award –
- a) above R 10 million (VAT included) may not be subdelegated by the accounting officer;
 - b) above R 2 million (VAT included), but not exceeding R 10 million (VAT included), may be subdelegated but only to –
 - i) the chief financial officer;
 - ii) a senior manager; or
 - iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or.
 - c) not exceeding R 2 million (VAT included) may be subdelegated but only to –
 - i) the chief financial officer;
 - ii) a senior manager;
 - iii) a bid adjudication committee;
 - iv) a manager directly accountable to the chief financial officer or a senior manager.

- (3) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph 2 must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including –
- a) the amount of the award;
 - b) the name of the person to whom the award was made; and
 - c) the reason why the award was made to that person.
- (4) A written report referred to in subparagraph (3) must be submitted –
- a) to the municipal manager, in case of an award by –
 - i) the chief financial officer;
 - ii) a senior manager; or
 - iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
 - b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by –
 - i) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.
- (5) Subparagraphs (3) and (4) of this paragraph do not apply to procurements out of petty cash.
- (6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding system provided for in paragraph 26 of this Policy.
- (7) No decision-making in terms of any supply chain management powers and duties may be delegated to an advisor or consultant.

6. OVERSIGHT ROLE OF COUNCIL

- (1) The Council has and must maintain an oversight role over the implementation of this Policy. 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 this Policy and the supply chain management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality; and
 - b) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council.
- (2) 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.
- (3) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

7. SUPPLY CHAIN MANAGEMENT UNIT

- (1) The accounting officer must establish a supply chain management unit to implement this Policy.
- (2) The supply chain management unit must 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 Act.

8. TRAINING OF SUPPLY CHAIN MANAGEMENT OFFICIALS

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

CHAPTER 2 - IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

9. FORMAT OF SUPPLY CHAIN MANAGEMENT SYSTEM

This Policy provides systems for:

- a) Demand Management;
- b) Acquisition Management;
- c) Logistics Management;
- d) Disposal Management;
- e) Risk Management; and
- f) Performance Management.

Part 1 – Demand Management

10. SYSTEM OF DEMAND MANAGEMENT

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

(2) The demand management system must –

- a) include planning and management processes to ensure that the resources required by the municipality are;
 - i) quantified;
 - ii) budgeted for;
 - iii) timely and effectively delivered at the right locations and at the critical dates;
 - iv) of the appropriate quality and quantity; and
 - v) at fair cost;
- b) provide for the compilation of clearly articulated requirements and specifications that meet the needs and expectations of multiple users. The specifications shall be unbiased, functional and not brand specific; and
- c) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature.

- (3) Officials should undertake appropriate industry analysis and research, where necessary, to ensure that innovations and technological benefits are maximized.

Part 2 – Acquisition Management

11. SYSTEM OF ACQUISITION MANAGEMENT

- (1) The accounting officer must implement the system of acquisition management set out in this Part in order to ensure –
- a) that goods and services are procured by the Municipality in accordance with authorised processes only;
 - b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the act;
 - c) that the threshold values for the different procurement processes are complied with;
 - d) that bid documentation, evaluation and adjudication criteria, and general conditions of contract, are in accordance with any applicable legislation; and
 - e) that any Treasury guidelines on acquisition management are properly taken into account.
- (2) The following information will be made public when procuring goods and services contemplated in section 110(2) of the Act other than through its supply chain management system:
- a) the kind of goods or services; and
 - b) the name of the supplier.

12. RANGE OF PROCUREMENT PROCESSES

Prince Albert Municipality shall only procure goods and services by way of –

- a) petty cash purchases, up to a transaction value of R 2 000 (VAT included);
 - b) formal written price quotations for procurement of a transaction value over R 2 000 up to R 300 000 (VAT included), in the case of a local municipality;
 - c) a competitive bidding process for procurement above a transaction value of R 300 000 (VAT included), in the case of a local municipality.
- d) The accounting officer may, in writing –
- (i) lower, but not increase, the different threshold values specified in subparagraph (1); or
 - (ii) direct that –

- aa) formal written price quotations be obtained for any specific procurement of a transaction value lower than R 2 000; or
 - bb) competitive bidding process be followed for any specific procurement of a transaction value lower than the competitive bidding thresholds specified in sub-regulation 1(c)(ii)
- e) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

13. GENERAL PRECONDITIONS FOR CONSIDERATION OF WRITTEN QUOTATIONS OR BIDS

A written quotation, formal written quotation or tender may not be considered unless the provider who submitted the quotation, formal written quotation or tender –

- (1) Has furnished that provider's –
 - (a) Full name;
 - (b) Identification number or company or other registration number; and
 - (c) Tax reference number and VAT registration number, if any;

- (2) Has indicated –
 - (a) 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;
 - (b) If the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the State, or has been in the service of the State in the previous twelve months; or
 - (c) 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.

- (3) In the case of formal written quotations and tenders, that is transactions exceeding R 15 000, including VAT:
 - (a) A valid original Tax Clearance Certificate or a copy of the Tax Verification Pin must accompany the bid documents unless the bidder is registered on the Central Supplier Database or the Municipality has a valid original Tax Clearance Certificate for the bidder there on record. The

onus is on the bidder to ensure that the Municipality has a valid original Tax Clearance Certificate on record. If the South African Revenue Services (SARS) cannot provide a valid original Tax Clearance Certificate; the bidder must submit a letter from SARS on an original SARS letterhead that their tax matters are in order.

- (b) If the bid of the preferred bidder is not supported by a valid original Tax Clearance Certificate or Tax Verification Pin, either as an attachment to the bid documents or on record in the case of suppliers registered on the Central Supplier Database, the Municipality reserves the right to obtain such document, within a time as specified by the Municipality, after the closing date to verify that the bidder's tax matters are in order. If no such document can be obtained, the bid will be disqualified;

14. ACCREDITED PROSPECTIVE PROVIDERS

- (1) The Supply Chain Management Policy must instruct the accounting officer:
 - (a) to keep a list of accredited prospective service providers of goods and services that must be used for the procurement requirements of the municipality or municipal entity through formal written price quotations;
 - (b) at least once a year through newspapers commonly circulating locally, the website of the municipality or municipal entity and any other appropriate ways, to invite prospective providers of goods and services to apply for evaluation and listing as accredited prospective providers;
 - (c) specify the listing criteria for accredited prospective providers; and
 - (d) disallow the listing of any prospective provider whose name appears on the National's Treasury database as a person prohibited from doing business with the public sector.
- (2) The Central Supplier Database is currently utilised for the successful registration and validation of prospective provider as mandatory requirement as part of listing criteria for accrediting prospective provider in line with Section 14(1)(b) of the Municipal SCM Regulations.
- (3) The web based Central Supplier Database (CSD) will primarily be used for performing validation functions of key supplier information of suppliers registered as prospective suppliers.
- (4) The CSD supplier number (MAAA) is auto generated by the Central Database System after successful registration and validation of the prospective provider. This number will be used as a

mandatory requirement as part of listing criteria for accrediting prospective provider in line with Section 14(1)(b) of the Municipal Supply Chain Management Regulations.

- (5) The CSD will be used to automatically validate the following registration documents:
- (a) Confirmation and status of Business Registration Documents
 - (b) Proof of Bank Account Registration
 - (c) Tax compliance status
 - (d) Employee in the service of state as defined in the Municipal SCM Regulations with information only available in the PERSAL system at this time, namely National and Provincial officials
 - (e) Identity Documentation
 - (f) Tender defaulters and restrictions status
- (6) The following verification is not yet performed by the CSD therefore it will be validated by the municipal SCM unit before the supplier will be considered as a prospective supplier:
- (a) BBEE Status (not yet available, municipalities are required to continue with their current and existing process)
 - (b) CIDB (not yet available, municipalities are required to continue with their current and existing process)
 - (c) Municipal Account status (not yet available, municipalities are required to continue with their current and existing process)
- (7) Should the preferred supplier not be registered on the CSD, the supplier may still be utilised if the comply with the listing criteria for accrediting prospective providers.\

15. PETTY CASH PURCHASES

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

- (a) Only officials duly delegated to authorise quotations and certify invoices for payments may authorise the request for petty cash and authorise the expenditure incurred via a petty cash transaction;

- (b) Each Senior Manager is only allowed a maximum of 15 petty cash transactions per month; and amounts above R200 up to R2,000 will be paid by EFT or cheque either as individual payment or as part of the monthly account payment where the municipality has an account with the vendor;
- (c) No expenditure is excluded from petty cash but deliberate splitting of transactions is not allowed as per section 12; and
- (d) No request for petty cash transactions may be lodged for items that is held as inventory in the municipal stores.
- (e) a monthly reconciliation report from the head expenditure must be provided to the Chief Financial Officer, including:
 - (i) the total amount of petty cash purchases in cash for that month; and
 - (ii) receipts and appropriate documents for each purchase.
 - (iii) the report can be submitted as part of the reimbursement process for petty cash and does not have to be performed on a specific date in the month unless no reimbursement was made in a specific month.

16. FORMAL WRITTEN PRICE QUOTATIONS (BETWEEN R 2 000.00 AND R 30 000.00)

- (1) The conditions for the procurement of goods or services through formal written price quotations are as follows:
 - (a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers or the Central Supplier Database (CSD);
 - (b) All procurement will be centralised within the Supply Chain Management (SCM) department. User departments must submit their request and detailed specifications to the SCM department , from where SCM will request all quotations.
 - (c) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria.
 - (d) 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;

- (e) offers below R 30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services (including construction works and consultant services) and lowest price.
 - (f) The preferential point system will be applied to procurement greater than R 2 000 and less than R 30 000 (VAT included) unless valid reasons are documented for instances where it is impractical to do so. Awards will be made to the service provider scoring the highest number of points.
 - (g) all reasonable steps must be taken to ensure that the procurement of goods and services (including construction works and consultant services) through written quotations is not abused.
- (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.

17. PROCEDURE FOR PROCURING GOODS OR SERVICES THROUGH FORMAL WRITTEN PRICE QUOTATIONS

- (1) A supply chain management policy must determine the procedure for the procurement of goods or services through formal written price quotations and must stipulate-
- (a) when using either the list of accredited prospective providers or the Central Supplier Database, the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
 - (b) that all requirements in excess of R30 000.00 (VAT included) procured by means of formal written price quotations, must in addition to the requirements of paragraph 16, be advertised for at least seven days with a predetermined closing date and time on the website and an official notice board of the municipality;
 - (c) offers received must be evaluated on a comparative basis taking into account unconditional discounts

- (d) that the accounting officer must take all reasonable steps to ensure that the procurement of goods and services through formal written price quotations or formal written price quotations is not abused;
- (e) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all formal written price quotations accepted by an official acting in terms of a sub-delegation;
- (f) offers equal to or below R 300 000 (VAT included) must be awarded based on compliance to specification and ability and capability to deliver the goods and services and lowest price;
- (g) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points; and
- (h) proper records must be kept.
- (i) a lockable safe tender box must be kept at the main municipal buildings in which quotations and/or tender or bid documents can be deposited from Monday to Friday, 07h30 to 15h30.

18. COMPETITIVE BIDS

A supply chain management policy must specify –

- a) that goods and services above a transaction value of R 300 000 (VAT Included), in the case of a local municipality; may only be procured by the municipality or municipal entity only through a competitive bidding process, subject to regulation 11(2); and
- b) that no requirement for goods or services above an estimated transaction value of R 300 000 (VAT Included), in the case of a local municipality may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

19. PROCESS FOR COMPETITIVE BIDDING

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

- (a) Compilation of bidding documentation;
- (b) Public invitation of bids;

- (c) Site meetings or briefing sessions;
- (d) Handling of bids submitted in response to public invitation;
- (e) Evaluation of bids;
- (f) Award of contracts;
- (g) Administration of contracts;
- (j) After approval of a bid, the accounting officer and the bidder must enter into a written agreement;
- (h) Proper record keeping;
 - (i) Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

20. BID DOCUMENTATION FOR COMPETITIVE BIDS

- (1) The criteria to which bid documentation for a competitive bidding process must comply, must:
 - (a) take into account –
 - (i) the general conditions of contract and any special conditions of contract, if specified;
 - (ii) any Treasury guidelines on bid documentation; and
 - (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
 - (b) include the preference points system to be used, goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
 - (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
 - (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish –
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements
 - (aa) for the past three years; or
 - (bb) since their establishment, if established during the past three years;

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

21. PUBLIC INVITATION FOR COMPETITIVE BIDS

(1) The procedure for the invitation of competitive bids is as follows:

- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, Prince Albert Municipality's website or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and e-Tender.
- (b) the information contained in a public advertisement must include –
 - i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long-term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;
 - ii) a statement that bids may only be submitted on the bid documentation provided by the municipality; and
 - iii) date, time and venue of any proposed site meetings or briefing sessions;

(2) The accounting officer may determine a closure date for the submission of bids which is less than the 30- or 14-days requirement, but only if such shorter period can be justified on the grounds

of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official process.

(3) Bids submitted must be sealed.

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

22. PROCEDURE FOR HANDLING, OPENING AND RECORDING OF BIDS

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

(a) Bids—

- i) must be opened only in public;
- ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
- iii) received after the closing time should not be considered and should be returned unopened immediately.

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

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

(d) The accounting officer must –

- i) record in a register all bids received in time;
- ii) make the register available for public inspection; and
- iii) publish the entries in the register and the bid results on the website.

23. NEGOTIATIONS WITH PREFERRED BIDDERS

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

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

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

(2) Minutes of such negotiations must be kept for record purposes.

24. TWO-STAGE BIDDING PROCESS

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

- (a) large complex projects;
- (b) projects where it may be undesirable to prepare complete detailed technical specifications;
or
- (c) long term projects with a duration period exceeding three years.

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

(3) In the second stage final technical proposals and priced bids should be invited.

25. BID VALIDITY EXTENSIONS

(1) The municipality reserves the right to request the extension of a bid validity period, if justified in the circumstances, in writing from all bidders before the expiry date of the bid validity period.

(2) The extension should be for the minimum period required to complete the evaluation and adjudication processes and to award the contract.

(3) Failure of bidder/s to accept or confirm the bid validity extension period on or before the stipulated date, it will be accepted that there are no objections to the extension of the bid validity period.

26. COMMITTEE SYSTEM FOR COMPETITIVE BIDS

(1) The Committee system for competitive bids consists of the following committees for each procurement or cluster of procurements as the accounting officer may determine:

- (a) a bid specification committee;
- (b) a bid evaluation committee; and
- (c) a bid adjudication committee.

- (2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and
- (3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee only when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with –
 - (a) Paragraph 28, 29 and 30 of this Policy; and
 - (b) any other applicable legislation.
- (5) The accounting officer may apply the committee system to formal written price quotations.

27. BID SPECIFICATION COMMITTEES

- (1) A bid specification committee must compile the specifications (for competitive bidding or any other procurement of a technical nature) for goods or services by the municipality.
- (2) Specifications –
 - (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
 - (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organization, or an authority accredited or recognized by the South African National Accreditation System with which the equipment or material or workmanship should comply;
 - (c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
 - (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
 - (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;
 - (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2022; and;

- (g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of public invitation for competitive bids.
- (3) A bid specification committee must be composed of one or more officials of the municipality, preferably the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.
- (4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

28. BID EVALUATION COMMITTEES

- (1) A bid evaluation committee must –
 - (a) evaluate bids in accordance with –
 - i) the specifications for a specific procurement; and
 - ii) the points system;
 - (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 awarding of the bid or any other related matter.
- (2) A bid evaluation committee must as far as possible be composed of –
 - a) officials from departments requiring the goods or services, should it be required; and
 - b) at least one supply chain management practitioner of the municipality.

29. BID ADJUDICATION COMMITTEES

- (1) A bid adjudication committee must consider the report and recommendations of the bid evaluation committee and either –
 - (a) make a final award; or
 - (b) make another recommendation to the accounting officer how to proceed with the relevant procurement.

- (2) A bid adjudication committee must consist of at least four (4) senior managers of the municipality, which must include-
- (a) the chief financial officer or, if he/she is not available, another manager in the budget and treasury office, reporting directly to the chief financial officer and designated by him/her; 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 of the municipality, if the municipality has such an expert.
- (3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- (4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (5)
- (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –
 - i) check in respect of the preferred bidder, whether that bidder's municipal taxes and municipal service charges are not in arrears; and
 - ii) notify the accounting officer
 - (b) The accounting officer may –
 - i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
 - ii) if the decision of the bid adjudication committee is rejected, refer the decision back to that committee for reconsideration.
- (6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to the committee for reconsideration of the recommendation.

- (7) The accounting officer must shall, in terms of section 114 of the Act, notify the Auditor-General, the Provincial Treasury and National Treasury within 10 working days where a bid, other than the one recommended in the normal course of implementing this Policy, has been approved.

30. PROCUREMENT OF BANKING SERVICES

- (1) A contract for banking services –
 - (a) must be procured through competitive bids;
 - (b) must be consistent with section 7 or 85 of the Act; and
 - (c) may not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- (3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22 (1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

31. PROCUREMENT OF IT RELATED GOODS OR SERVICES

- (1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (3) The accounting officer must notify SITA together with a motivation of the IT needs if
 - (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
 - (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- (4) If SITA comments on the submission and Prince Albert Municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must

be submitted to the council, the National Treasury, the relevant Provincial Treasury and the Auditor General.

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

- (1) The accounting officer may procure goods or services under a contract secured by 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.

33. PROCUREMENT OF GOODS NECESSITATING SPECIAL SAFETY ARRANGEMENTS

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

34. PROUDLY SA CAMPAIGN

Prince Albert Municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:

- Firstly - suppliers and businesses within the municipality
- Secondly - suppliers and businesses within the province; and
- Thirdly - suppliers and businesses within the Republic.

35. APPOINTMENT OF CONSULTANTS

- (1) A supply chain management policy may allow the Accounting Officer to procure consulting services provided that any Treasury guidelines are taken into account when such procurement is made.

- (2) A contract for the provision of consultancy services to a municipality or municipal entity must be procured through competitive bids if –
- (a) The value of the contract exceeds R 300 000 (VAT Included), in the case of a local municipality; and
 - (b) The period of the contract exceeds one year.
- (3) In addition to any requirements prescribed by these Regulations for competitive bids, bidders must furnish the municipality or municipal entity with particulars of—
- (a) all consultancy services provided to an organ of state in the last five years; and
 - (b) any similar consultancy services provided to an organ of state in the last five years
- (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 Prince Albert Municipality.

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

- (1) The accounting officer may –
- (a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
 - i) in an emergency;
 - 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; or
 - iv) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
 - v) acquisition of animals for zoos.
 - (b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

- (2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1) (a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.
- (3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11 (2) of this policy.

37. UNSOLICITED BIDS

- (1) In accordance with section 113 of the Municipal Finance Management, 2003 (Act 56 of 2003), there is no obligation to consider unsolicited bids received outside a normal bidding process.
- (2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –
 - (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
 - (c) the person who made the bid is the sole provider of the product or service; and
 - (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- (3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, 2000 (Act 32 of 2000), together with
 - (a) reasons as to why the bid should not be open to other competitors;
 - (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
 - (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.

- (5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
- (6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- (7) When considering the matter, the adjudication committee must take into account –
 - (a) any comments submitted by the public; and
 - (b) any written comments and recommendations of the National Treasury or the relevant Provincial Treasury.
- (8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- (9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing Prince Albert Municipality to the bid may be entered into or signed within 30 days of the submission.

38. COMBATING OF ABUSE OF SUPPLY CHAIN MANAGEMENT SYSTEM

- (1) The accounting officer must–
 - (a) take all reasonable steps to prevent abuse of the supply chain management system;
 - (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
 - (i) take appropriate steps against such official or other role player; or
 - (ii) report any alleged criminal conduct to the South African Police Service;
 - (c) check the 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 Prince Albert 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 wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - (iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2004).

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

CHAPTER 3 - LOGISTICS, DISPOSAL, RISK AND PERFORMANCE MANAGEMENT

39. LOGISTICS MANAGEMENT

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

- (a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- (b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- (d) before payment is approved, certification by the responsible officer that the goods and
- (e) 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;
- (f) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- (g) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- (h) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

40. DISPOSAL MANAGEMENT

- (1) A supply chain management policy must provide for 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 Act.
- (2) A supply chain management policy must—
 - (a) specify the ways in which assets may be disposed of, including by—
 - (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
 - (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
 - (iii) selling the asset; or

- (iv) destroying the asset;

- (b) stipulate that—
 - (i) immovable property may be sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
 - (ii) movable assets may be sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous to the municipality or municipal entity;
 - (iii) in the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within 30 days whether any of the local schools are interested in the equipment; and
 - (iv) in the case of the disposal of firearms, the National Conventional Arms Control Committee has approved any sale or donation of firearms to any person or institution within or outside the Republic;

- (3) Letting of Assets:
 - (a) All immovable property is let at market related rates, except when the public interest or the plight of the poor demands otherwise, and unless the relevant provincial treasury determines otherwise or approves the letting of property free of charge.

 - (b) All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed.

 - (c) The following process needs to be followed for the letting of immovable property:
 - (i) An item must be submitted to Council to obtain decision in principle to proceed with negotiations and agreement.
 - (ii) A request must be forwarded to Supply Chain Management to advertise a request for proposals (always a competitive process).
 - (iii) All requirements of the Supply Chain regulations will apply inclusive of preferential points and final award by the Supply Chain Committee System.
 - (iv) Contractual requirements need to be drafted and finalized.

41. RISK MANAGEMENT

- (1) A supply chain management policy must provide for an effective system of risk management for the identification, consideration and avoidance of potential risks in the supply chain management system.

- (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.

- (3) General risk management measures that will be applied by Prince Albert Municipality include the following:
 - (a) Business Plans where applicable will be required for approval prior to the commencement of all projects.
 - (b) Feasibility and/or design reports will be required by the municipality before bid for projects are called.
 - (c) As far as possible tender documents will be specific and detailed.
 - (d) The applicable project standards will be made available for public perusal.
 - (e) Consultants and/or municipal officials will ensure time, cost and quality control while projects are being implemented.
 - (f) Bidders, where applicable, will be required to take public liability insurance to cover the Prince Albert Municipality.
 - (g) Variation orders to projects will require the approval of the municipal manager or a municipal official prior to execution on site.

- (4) Additional risk management mechanisms applicable to construction projects are provided for in the contract documentation.

(5) Cession of Payment

To provide an opportunity to service providers who cannot raise the necessary capital to procure services and goods, the municipality may at its discretion, enter into a cession of payment agreement with a service provider once approval has been received from the participating service provider and the Municipal Manager.

42. PERFORMANCE MANAGEMENT

- (1) A supply chain management policy must provide for an effective internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes are being followed and whether the desired objectives are being achieved.
- (2) The head of the municipal department which required the goods or a service in terms of a competitive bidding process must ensure that the goods had been delivered or the service completed according to the Municipality's quality and other requirements as specified in the relevant bid documentation.
- (3) In the case of goods and services supplied in response to a quotation invited by the Municipality the head of the client department or section of the Municipality which requested the goods or service must certify on the supplier's invoice that the goods or service had been supplied in accordance with the Municipality's requirements before payment is made.
- (4) In the case of goods or services procured through a tender process as specified in terms of paragraph 19 of this Policy, the head or section of the relevant department must within a 30 (thirty) working days of the final delivery of the required work submit a written report to the Head of Supply Chain Management on the performance of the supplier.
- (5) The report must state –
 - (a) whether or not the performance of the supplier was satisfactory in terms of adherence to specifications and delivery or completion schedules, product or service quality and quality of workmanship;
 - (b) include details, supported by copies of any written notifications regarding service delivery given to the supplier.
 - (c) include a recommendation on any further action to be taken against the supplier in terms of paragraph 39 of this Policy.

CHAPTER 4 - OTHER MATTERS

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

- (1) The Accounting Officer must ensure that, irrespective of the procurement process followed, no award above R 15 000 (VAT included) is given to a person whose tax matters have not been declared by the South African Revenue Service (SARS) to be in order.
- (2) Before making an award to a person, a municipality or municipal entity must first check with SARS whether that person's tax matters are in order.
- (3) In the event of the bidder being not being tax compliant at date of award:
 - i) Where the recommended bidder is not tax compliant on the date of award, the bidder should be notified of the non-compliant status and be requested to submit written proof of tax compliance from SARS within 7 working days from the date of award.
 - ii) The proof of tax compliance submitted by the bidder must be verified by the Municipality.
 - iii) The Municipality will reject a bid submitted by the bidder if such bidder fails to provide proof of tax compliance within the timeframe as set out in this sub-paragraph.
- (4) The tax affairs of the bidder will be verified through the Central Supplier Database (CSD) or the e-Filing platform from the SARS.

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

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

- (a) who is in the service of the state;
- (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- (c) a person who is an advisor or consultant contracted with Prince Albert Municipality.

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

The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R 2 000 to a person who is a spouse, child or parent of a person

in the service of the state, or has been in the service of the state in the previous twelve months, including –

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

46. ETHICAL STANDARDS

(1) A code of ethical standards as set out in the “National Treasury’s code of conduct for supply chain management practitioners and other role players”, attached as Annexure 1, is hereby established for officials and other role players in the supply chain management system of Prince Albert Municipality, in order to promote –

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

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

- (a) in the case of an employee, in terms of the disciplinary procedures of Prince Albert Municipality, envisaged in section 67 (1)(h) of the Municipal Systems Act; and
- (b) in the case of a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
- (c) In all cases, financial misconduct must be dealt with in terms of Chapter 15 of the Act.

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

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

- (a) any inducement or reward to the municipality for or in connection with the reward of a contract; or
- (b) any reward, gift, favour or hospitality to –
 - (i) any official; or
 - (ii) any other role player involved in the implementation of this Policy.

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

(3) Subparagraph (1) does not apply to gifts less than R 350 in value.

48. SPONSORSHIPS

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

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

49. OBJECTIONS AND COMPLAINTS

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

50. RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES

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

- (a) to assist in the resolution of disputes between Prince Albert Municipality and any other person(s) regarding –
 - (i) any decisions or actions taken in the implementation of the supply chain management system; or
 - (ii) any matter arising from a contract awarded in the course of the supply chain management system; or

(b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

- (2) The accounting officer or another official designated by the accounting officer is responsible for assisting the person appointed in subparagraph (1) to perform his/her functions effectively.
- (3) The person appointed must –
 - (a) strive to promptly resolve 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 and/or resolved.
- (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.
- (5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.
- (6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

51. CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER

- (1) If a service provider acts on behalf of a municipality to provide any service or act as collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate–
 - (a) cap on the compensation payable to the service provider; and
 - (b) that such compensation must be performance based.

52. TENDERS TO BE EVALUATED ON FUNCTIONALITY

- (1) An organ of state must state in the tender documents if the tender will be evaluated on functionality.
- (2) The evaluation criteria for measuring functionality must be objective.
- (3) The tender documents must specify-
 - (a) the evaluation criteria for measuring functionality;

- (b) the points for each criterion and, if any, each sub-criterion; and the minimum qualifying score for functionality.
- (4) The minimum qualifying score for functionality for a tender to be considered further-
 - (a) must be determined separately for each tender; and
 - (b) may not be so-
 - (i) low that it may jeopardise the quality of the required goods or services; or
 - (ii) high that it is unreasonably restrictive.
- (5) Points scored for functionality must be rounded off to the nearest two decimal places.
- (6) A tender that fails to obtain the minimum qualifying score for functionality as indicated in the tender documents is not an acceptable tender.
- (7) Each tender that obtained the minimum qualifying score for functionality must be evaluated further in terms of price and the preference point system and any objective criteria envisaged in regulation 11.

53. CANCELLATION OF TENDER

- (1) An organ of state may, before the award of a tender, cancel a tender invitation if-
 - (a) due to changed circumstances, there is no longer a need for the goods or services specified in the invitation;
 - (b) funds are no longer available to cover the total envisaged expenditure;
 - (c) no acceptable tender is received; or
 - (d) there is a material irregularity in the tender process.
- (2) The decision to cancel a tender invitation in terms of sub-regulation (1) must be published in the same manner in which the original tender invitation was advertised.
- (3) An organ of state may only with the prior approval of the relevant treasury cancel a tender invitation for the second time

54. CONSTRUCTION INDUSTRY DEVELOPMENT BOARD

- (1) The Construction Industry Development Board (CIDB) has been established by government to promote the uniform application of policy to the construction industry.

- (2) When calling for construction related bids –
 - (a) the same Bid Committee system as for all other bids will be applicable;
 - (b) the prescribed CIDB (uniformity standard bid documents) may be utilised;
 - (c) only Contractors registered with the CIDB may be used;
 - (d) all tenders must be advertised on the CIDB i-tender system
 - (e) consultants used in the procurement process must adhere to the CIDB legislation;
 - (f) consultants used in the procurement process are prohibited to provide goods, works or services related to the project; and subcontract arrangements and joint venture initiatives must be aligned to CIDB guidelines and requirements.

- (3) When evaluating construction related bids –
 - (a) the validity of the contractor's registration and grading on the CIDB website must be verified;
 - (b) the contractor's registration will be verified and has to be valid on the day the Bid Evaluation Committee evaluates the bid;
 - (c) the bidder's documents must be assessed against the prescribed CIDB contractor requirements; and
 - (d) calculations for joint venture gradings must be done according to the CIDB prescriptions.

- (4) Other matters –
 - (a) all projects approved by the Municipality must be registered with the CIDB;
 - (b) contracts registered on the i-tender systems must be updated and completed;
 - (c) non-performance and non-compliance of contractors must be reported to the CIDB as per the CIDB guidelines; and
 - (d) Sub-contracting arrangements and joint-venture initiatives must be aligned to the CIDB guidelines and requirements.

55. ARCHIVE OF BIDDING DOCUMENTS

- (1) Bidding documents have to be kept in a safe.

- (2) The following will be applicable before the destruction of any documents:

- (a) Formal written quotation documents have to be kept for a minimum of five (5) years;
- (b) The documents for tenders that were awarded for a period of less than one (1) year must be kept for a minimum of five (5) years;
- (c) The documents for tenders that were awarded for a period of more than one (1) year must be kept for a minimum of six (6) years or for a period of six (6) years after the completion of the project;
- (d) No documents can be destroyed without the written permission of the relevant director; and
- (e) No documents of successful bidders may be destroyed.

56. CONTRACT MANAGEMENT

- (1) The Accounting Officer must ensure that all written contracts or service level agreements that are entered into by their respective institutions are legally sound. This measure is aimed at avoiding potential litigation and minimizing possible fraud and corruption.
- (2) Such contracts or agreements must be actively managed in order to ensure that both parties (the municipality and the contractors) meet their respective obligations.
- (3) All contracts entered into by the Municipality in the tender process referred to in paragraph 19 of this Policy must –
 - (a) be in writing;
 - (b) stipulate the terms and conditions of the contract or agreement, which must include provisions providing for –
 - (i) the termination of the contract or agreement in the case of non- or underperformance;
 - (ii) dispute resolution mechanisms to settle disputes between parties;
 - (iii) a periodic review of the contract or agreement once every three years in the case of a contract or agreement for longer than three years; and
 - (iv) any other matter that may be prescribed.
 - (c) include the General Conditions of Contract as prescribed by National Treasury, or the Construction Industry Development Board (CIDB) regulations;
 - (d) specify the duration of the contract;
 - (e) specify the payment terms in respect of the goods or service supplied;

- (f) be monitored by the Directorate of the Municipality which requested the goods or service to ensure that all the contract requirements are met.
- (4) Unauthorised deviations or breaches of the contract as in paragraph 41(1)(d) above by the supplier or service provider must be reported to the Manager: Supply Chain Management for initiating appropriate action as well as to enter the details in a register for the recording of such deviations and breaches.
- (5) Copies must be made of original signed contracts entered into in the course of the implementation of this Policy and the original document must be forwarded to the SCM Unit for safekeeping or filing in the Documentation Centre of the Municipality together with the bid committee documentation related to the contract.

57. MANAGEMENT OF EXPANSION OR VARIATION OF ORDERS AGAINST THE ORIGINAL CONTRACT

- (1) Contracts may be expanded or varied by not more than 20% for construction related goods, services and/or infrastructure projects and 15% for all other goods and/or services of the original value of the contract.
- (2) Anything beyond the abovementioned thresholds in (1) must be reported to council.
- (3) Any expansion or variation in excess of these thresholds must be dealt with in terms of the provisions of section 116(3) of the MFMA which will be regarded as an amendment to the contract.
- (4) The contents of paragraph (3) are not applicable to transversal term contracts, facilitated by the relevant treasuries on behalf of municipalities and specific term contracts. The latter refers to orders placed as and when commodities are required and at the time of awarding contracts, the required quantities were unknown.

58. CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

- (1) Section 33(1) of the MFMA prescribes processes that must be followed when a contract will impose financial obligations on the municipality beyond three years.

- (2) Section 33(2) of the MFMA however states that these processes do not apply to contracts in terms of which the financial obligation of the municipality is below a prescribed value, for this Municipality, this value is determined at R2 million per year, VAT included.
- (3) If a bid has been awarded for three years, and the contract period is ending, the award of this bid may be extended for a period of six months and if it needs to be extended for longer, it can only be done with the approval of Council. This extension may only be done in the following instances:
- (a) If a new bid has been invited, but can for some reason not be awarded in time;
 - (b) If practical implementation problems of the new bid occur; or
 - (c) If the nature of the contract ending is as such that it has to be handed over to a new service provider or supplier over a period of time.

59. PROCEDURES IN THE EVENT OF NON-OR POOR PERFORMANCE OF SERVICE PROVIDERS, CONTRACTORS AND SUPPLIERS

- (1) Non-performance applicable to service providers and supplier/service providers. These instructions are applicable to all bids, contracts and orders including bids for functional and professional services (excluding professional services related to the building and construction industry), sales, hiring, letting and the granting or acquiring of rights, but excluding immovable property, unless otherwise indicated in the bidding documents.
- (2) Delivery of goods and performance of service contracts:
- (a) Delivery of the goods and performance of services shall be made by the supplier/service provider in accordance with the time schedule prescribed by the Municipality in the contract.
 - (b) If at any time during the performance of the contract, the supplier/service provider or its subcontractor(s) should encounter problems that delays timely delivery of the goods or performance of services, the supplier/service provider shall promptly notify the Municipality in writing of the fact of the delay, its likely duration and its cause(s).
 - (c) If the supplier/service provider or its subcontractor(s) does not notify the Municipality in writing of delays in delivery and goods or performance of services and delivery of the goods or performance of services does not occur as agreed upon, the Municipality shall within 24 hours after the agreed upon delivery period has lapsed:
 - (i) Issue a final notification by registered mail indicating the action to be taken in terms of the contract conditions unless the supplier/service provider complies with the

contract conditions and delivers satisfactory services/supplies within a specified reasonable time.

- (ii) Such time should be decided upon by the Accounting Officer or the Chief Financial Officer and should not be less than seven (7) and not longer than fourteen (14) calendar days.
- (iii) If the supplier/service provider still does not deliver the goods or perform the service despite the final notification, the Municipality may, in addition to any contractual or other remedy, act against the supplier/service provider or elects to exercise the following:
 - (aa) Recover all costs, losses or damages it has incurred or suffered as a result of that person's conduct;
 - (bb) Cancel the contract and claim damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation (see (g) for termination);
 - (cc) Impose a financial penalty more severe than the theoretical financial preference associated with the claim which was made in the tender;
 - (dd) The Chief Financial Officer may restrict the supplier/service provider, its shareholders and directors from obtaining business from the Prince Albert Municipality for a period not exceeding two (2) years (also refer to (g)(6) and (7)) and afford the supplier/service provider, its shareholders and directors twenty-one (21) days to object against the decision in terms of Section 62 of the Municipal Systems Act, Act 32 of 2000; and
 - (ee) Restrict the supplier/service provider, its shareholders and directors from obtaining business from any organ of state for a period not exceeding ten (10) years (see (g) (6) to (9)).

(d) If the supplier/service provider does NOTIFY the Municipality:

- (i) As soon as practical after receipt of the supplier /service provider's notice, the Municipality shall evaluate the situation and may at its discretion extend the supplier /service provider's time for delivery or performance, with or without the imposition of penalties, in which case the extension shall be ratified by the parties by amendment of the contract.
- (ii) The right is reserved to procure outside of the contract small quantities or to have minor essential services executed if an emergency arises, the supplier/service

provider's point of supply is not situated at or near the place where the goods are required, or the supplier/service provider's services are not readily available.

- (iii) Upon any delay beyond the delivery period in the case of a goods contract, the purchaser shall, without cancelling the contract, be entitled to purchase goods of a similar quality and up to the same quantity in substitution of the goods not supplied in conformity with the contract and to return any goods delivered later at the supplier/service provider's expense and risk, to purchase goods of a similar quality and up to the same quantity in substitution of the goods not supplied in conformity with the contract and to return any goods delivered later at the supplier/service provider's expense and risk, or to cancel the contract and buy such goods as may be required to complete the contract and without prejudice to his other rights, be entitled to claim damages from the supplier/service provider.

(e) Force Majeure

- (i) Notwithstanding the provisions of paragraph (f) and (g), the supplier/service provider shall not be liable for forfeiture of its performance security, damages, or termination for default if and to the extent that his delay in performance or other failure to perform his obligations under the contract is the result of an event of force majeure.
- (ii) If a force majeure situation arises, the supplier/service provider shall promptly notify the purchaser in writing of such condition and the cause thereof.
- (iii) Unless otherwise directed by the purchaser in writing, the supplier/service provider shall continue to perform its obligations under the contract as far as is reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the force majeure event.
- (iv) Except as provided for Force majeure, a delay by the supplier/service provider in the performance of its delivery obligations shall render the supplier/service provider liable to the imposition of penalties, unless an extension of time is agreed upon.
- (v) "*Force majeure*" means an event beyond the control of the supplier/service provider and not involving the supplier/service provider's fault or negligence and not foreseeable. Such events may include, but is not restricted to, acts of the purchaser in its sovereign capacity, wars or revolutions, fires, floods, epidemics, quarantine restrictions and freight embargoes.
- (vi) The supplier/service provider shall not be liable for forfeiture of its performance security, damages, or termination for default if and to the extent that his delay in

performance or other failure to perform his obligations under the contract is the result of an event of force majeure.

(f) Penalties:

- (i) If the supplier/service provider fails to deliver any or all of the goods or to perform the services within the period(s) specified in the contract, the Municipality shall, without prejudice to its other remedies under the contract, deduct from the contract price, as a penalty, a sum calculated on the delivered price of the delayed goods or unperformed services using the current prime interest rate calculated for each day of the delay until actual delivery or performance.
- (ii) The penalty clause does not apply in the event of Force majeure.

(g) Termination for default:

- (i) The Municipality, without prejudice to any other remedy for breach of contract, by written notice of default sent to the supplier/service provider, may terminate this contract in whole or in part:
 - (aa) If the supplier/service provider fails to deliver any or all of the goods within the period(s) specified in the contract, or within any extension thereof granted by the Municipality pursuant to paragraph (a);
 - (bb) If the supplier/service provider fails to perform any other obligation(s) under the contract; or
 - (cc) If the supplier/service provider, in the judgment of the Municipality, has engaged in corrupt or fraudulent practices in competing for or in executing the contract.
 - (dd) In the event that the Municipality terminates the contract in whole or in part, the Municipality may procure, upon such terms and in such manner, as it deems appropriate, goods, works or services similar to those undelivered, and the supplier/service provider shall be liable to the Municipality for any excess costs for such similar goods, works or services. However, the supplier/service provider shall continue performance of the contract to the extent not terminated.
- (ii) Where the Municipality terminates the contract in whole or in part:

- (aa) The Municipality may decide to impose a restriction penalty on the supplier / service provider by prohibiting such supplier/service provider from doing business with the public sector for a period not exceeding 10 years (see (g) (6) to (9)) or
- (bb) The Chief Financial Officer may restrict the supplier/service provider, its shareholders and directors from obtaining business from the Prince Albert Municipality for a period not exceeding two (2) years (also refer to (g) (6) and (7)) and afford the supplier/service provider, its shareholders and directors twenty-one (21) days to object against the decision in terms of Section 62 of the Municipal Systems Act, Act 32 of 2000.
- (iii) If a Municipality intends imposing a restriction on a supplier/service provider or any person associated with the supplier/service provider, the supplier/service provider will be allowed a time period of not more than fourteen (14) days to provide reasons why the envisaged restriction should not be imposed. Should the supplier/service provider fail to respond within the stipulated fourteen (14) days the Municipality may regard the supplier/service provider as having no objection and proceed with the restriction.
- (iv) Any restriction imposed on any person by the Municipality will, at the discretion of the Municipality, also be applicable to any other enterprise or any partner, manager, director or other person who wholly or partly exercises or exercised or may exercise control over the enterprise of the first-mentioned person, and with which enterprise or person the first-mentioned person, is or was in the opinion of the Municipality actively associated.
- (v) If a restriction is imposed, the Municipality must, within five (5) working days of such imposition, furnish the National Treasury, with the following information:
- (aa) the name and address of the supplier/service provider and / or person restricted by the Municipality;
 - (bb) the date of commencement of the restriction
 - (cc) the period of restriction; and
 - (dd) the reasons for the restriction. These details will be loaded in the National Treasury's central database of supplier/service providers or persons prohibited from doing business with the public sector

(3) If a court of law convicts a person of an offence as contemplated in sections 12 or 13 of the Prevention and Combating of Corrupt Activities Act, No. 12 of 2004, the court may also rule that such person's name be endorsed on the Register for Tender Defaulters. When a person's name has been endorsed on the Register, the person will be prohibited from doing business with the public sector for a period not less than five years and not more than 10 years. The National Treasury is empowered to determine the period of restriction and each case will be dealt with on its own merits. According to section 32 of the Act the Register must be open to the public. The Register can be perused on the National Treasury website.

(4) Construction and construction related contracts

(a) Non- or poor performance of professional service providers related to the building and construction industry will be done in accordance with the provisions of the contract documentation.

60. SHORT TITLE AND COMMENCEMENT

This policy is called the Municipal Supply Chain Management Policy, and shall take effect on 01 July 2026.

61. ANNEXURES

ANNEXURE A - Code of Conduct for Supply Chain Management Practitioners and other role-players

ANNEXURE B - Code of Conduct for Councillors

ANNEXURE C - Code of Conduct for municipal staff members

ANNEXURE D - Framework for Infrastructure Procurement and Delivery Management