

24.3.3 Verification Certificates in respect of Exempted Micro Enterprises (EMEs)

- In terms of this policy, an enterprise with annual total revenue of R5 million or less qualifies as an EME, however, the board acknowledges that where Sector Charters are developed to address the transformation challenges of specific sectors or industries, the threshold for qualification as an EME may be different from the generic threshold of R5 million.
- EMEs are deemed to have a B-BBEE status of "level four (4) contributor". In instances where EMEs are more than 50% owned by black people, such EMEs qualify as "BBBEE status of 'level three (3) contributors".
- Accounting Officers must ensure that the B-BBEE Status Level Verification Certificates submitted are issued by the following agencies:

For Bidders other than EMEs

- (a) Verification Agencies accredited by (SANAS); or
- (b) Registered auditors approved by the Independent Regulatory Board of Auditors (IRBA).

For Bidders who qualify as EMEs

- (a) Accounting officers as contemplated in section 60(4) of the Closed Corporations Act, Act No 69 of 1984 (CCA);
 - (b) Verification Agencies accredited by SANAS; or
 - (c) Registered auditors approved by the IRBA.
- A trust, consortium or joint venture must obtain and submit a consolidated B-BBEE Status Level Verification Certificate for every separate bid.
 - Public entities and tertiary institutions must also submit B-BBEE Status Level Verification Certificates together with their bids.

24.3.4 Verification Agencies accredited by SANAS

- As part of the evaluation process, the Evaluation Committee must confirm the validity of a B-BBEE Status Level Verification Certificate by tracing the name of the issuing Verification Agency to the list of all SANAS accredited agencies.
- As a minimum requirement, all valid B-BBEE Status Level Verification Certificates should have the following information detailed on the face of the certificate:
 - a) The name and the physical location of the measured entity;
 - b) The registration number and, where applicable, the VAT number of the measured entity;
 - c) The date of issue and date of expiry;
 - d) The certificate number for identification and reference;
 - e) The scorecard that was used (for example EME, QSE or Generic);
 - f) The name and / or logo of the Verification Agency;
 - g) The SANAS logo;
 - h) The certificate must be signed by the authorized person from the Verification Agency; and
 - i) The B-BBEE Status Level of Contribution obtained by the measured entity.

24.4 RANGE OF PROCUREMENT PROCESSES

24.4.1 GENERAL

- Goods and services may not deliberately be split into parts or items of a lesser value merely to avoid following 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.
- The procurement of goods and services through this policy is provided by way of:

24.4.1.2.1 One written price quotation for procurements of a transaction value of up to R2 000 (VAT included);

24.4.1.2.2 Three written price quotations for procurements of transaction value over R 2 001 up to R 30 000 (VAT included);

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24.4.1.2.3 Formal written quotations for procurement of a transaction value over R30 000 up to R200 000 (VAT included);

- A competitive bidding process for:

24.4.1.1 Procurements above a transaction value of R 200 000 (VAT included).

24.4.1.2 The procurement of long term contracts (contracts more than 6 months).

- The Accounting Officer may, in writing lower, but not increase, the different threshold values specified above.

24.5 WRITTEN QUOTATIONS: UP TO AN ESTIMATED VALUE OF R 2 000 (VAT INCLUDED)

24.5.1 The Accounting Officer or delegate may procure goods and services to an estimated value of R 2 000 (vat included) by requesting quotations from different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the entity, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria in the supply chain management policy to the extent feasible, providers must be requested to submit such quotations in writing. If it is not possible to **obtain at least one quotation**, the reasons must be recorded and reported quarterly to the Accounting Officer or another official designated by the Accounting Officer. The names of the potential suppliers and their quoted prices must be recorded. The purchase order should always be placed against written confirmation from the selected supplier by way of quotation. However, no purchase orders shall be issued for purchases below R 500 (five hundred rand) VAT included,

24.6 WRITTEN QUOTATIONS: ESTIMATED VALUE OF R 2001 UP TO R 30 000 (VAT INCLUDED)

24.6.1 The Accounting Officer / delegate shall invite and accept written price quotations for goods and services from above R 2 001 (vat included) to R 30 000 (vat included) from as many suppliers as possible, that are registered on the Central Supplier Database. If it is not possible to **obtain at least three written quotations**, the reasons must be recorded and approved by the Accounting Officer/Chief Financial Officer.

24.6.2 Quotations may be obtained from providers who are not listed only when no suitable providers for the required commodity or type of service are available from the list, provided that such providers meet the listing criteria in the supply chain management policy.

24.6.3 The CFO shall record the names of the potential providers and their quoted prizes.

24.6.4 When using the list of accredited prospective providers the Accounting Officer must promote on-going competition amongst providers, including by inviting providers to submit quotations on a rotation basis. However value for money shall be insured.

24.6.5 That the Accounting Officer must take all reasonable steps to ensure that the procurement of goods and services through written quotations or formal written price quotations is not abused.

24.6.6 The Accounting Officer must determine the requirements for proper record keeping.

24.7 FORMAL WRITTEN QUOTATIONS: ESTIMATED VALUE OF R 30 001 UP TO R 2 00 000 (VAT INCLUDED)

24.7.1 The Accounting Officer must apply the prescripts of the Preferential Procurement Policy Framework Act, Act No 5 of 2000 and its associated regulations for R 30 001 up to R 200 000 (VAT included), however, these prescripts may be applied for procurement with a value of less than R30 000 (vat included) if and when appropriate.

24.7.2 That all requirements in excess of R 30 000 up to R 200 000 (VAT included) that are to be procured by means of formal written price quotations must be advertised for at least (7) seven days on the website and an official notice board of the entity.

24.7.3 Where quotations have been invited via the official notice boards and website of the entity, no additional quotations need to be obtained and in the event that responses are not obtained from the advertisements due to non-responsive or non-responsible quotations, the reasons must be recorded and approved by the CFO or an employee designated by him or her. In these instances, the CFO may follow the route of direct negotiations.

24.7.4 The formal written quotation mechanism will also be used in the event that goods and services are required from service providers on a panel of service providers to be appointed.

24.8 GENERAL PRECONDITIONS FOR CONSIDERATION OF WRITTEN QUOTATIONS OR BIDS

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

- Has furnished that provider's:

24.8.1..1 Full name

24.8.1..2 Identification number or company or other registration number.

24.8.1..3 Tax reference number and VAT registration number, if any.

- The Accounting Officer shall ensure that, irrespective of the procurement process followed, no award above R30 000 (vat included) is given to a person whose tax matters have not been declared by the South African Revenue Service to be in order.

24.8.1..1 Before making an award to a person the Accounting Officer must first check with SARS whether that person's tax matters are in order. A valid tax clearance certificate is sufficient in this regard.

24.8.1..2 If an accounting officer is in possession of a supplier's original valid tax clearance certificate, it is not necessary to obtain a new tax clearance certificate each time a price quotation or bid is submitted from that specific supplier. This provision may be applied only if the closing date of the price quotation or bid falls within the expiry date of the tax clearance certificate that is in the accounting officer's / authority's possession. Whenever this ruling is applied, cross-reference must be made to the original tax certificate for audit purposes.

24.8.1..3 SARS can also be consulted as a secondary measure, and if SARS does not respond within 7 days such person's tax matters may be presumed to be in order.

- Has indicated:

24.8.1..1 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.

24.8.1..2 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.

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24.8.1.3 Whether a spouse, or child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in the subparagraph above is in the service of the state, or has been in the service of the state in the previous twelve months.

24.8.1.4 If the provider is an advisor or consultant contracted with the entity.

24.8.1.5 Validity periods

24.8.1.5.1 The period for which bids are to remain valid and binding shall be indicated in the bid documents

24.8.1.5.2 The period is calculated from the closing time and bids shall remain in force and binding until the end of the final day of the period

24.8.1.5.3 This period of validity may be extended by mutual consent in writing between the

24.8.1.5.4 Municipality and the bidder, provided that the original validity period has not expired, and that all bidders shall have an opportunity to extend such period.

24.8.1.5.5 In the event that the municipality failed to extend bid validity period before its expiry date, such extension may be requested and granted by the Municipal manager by mutual consent in writing between the Municipality and the bidder, If, in exceptional circumstances, it becomes necessary to extend the bid period, a notice shall be published in the press at least one week prior to the original bid closing date

24.8.1.5.6 This notice shall also be posted on the notice boards at designated Municipal offices, and a notice to all bidders of bids received at that stage to this effect shall be issued

24.8.1.5.7 .In the event that validity period is not indicated in the bid document or advert validity period shall remain 120 days.

24.8.2 Price increase will be in line with the SLA-

24.8.3 Price adjustments

24.8.3.1 Contractual price adjustments

24.8.3.1.1 The contractual conditions shall stipulate the circumstances under which price adjustments shall be considered, the intervals for adjustment, the base date for adjustments as well as the price adjustment formula and the process to be followed in such circumstances.

24.8.3.2. In cases of term contracts, price adjustments shall be considered on a quarterly basis and this condition shall be indicated in the bid document.

24.8.3.3 No price adjustments should preferably be considered for a contract period less than twelve (12) months.

- The prescribed formula will be used for adjustment of prices due to the fluctuation of the indices.

- Indices compiled by Statistics South Africa will be used for price adjustments.
- Rate of Exchange (ROE) fluctuations are only allowed on the imported content of the commodity.
- Non-contractual price adjustments
- Non-contractual adjustment of prices is not allowed.
- When contractors suffer a loss as a result of their own negligence, price adjustments not covered by the contract are not favourably considered. However, where a contractor suffers loss as a result of circumstances beyond his control, or as a result of incorrect action by CENTLEC and particularly when such loss might cause his/her downfall, non-contractual price adjustments may be considered by CENTLEC. Such adjustments are to the disadvantage of CENTLEC and the necessary Accounting Authority of delegate approval must be obtained.
- Reduction of prices

24.8.3.4 CENTLEC must accept price reductions after award of a contract where this is advantageous to CENTLEC, unless the acceptance of the price reduction amounts to breach of contract

24.9 COMPETITIVE BIDS BY MEANS OF PUBLIC ADVERTISEMENT FOR TRANSACTIONS WITH AN ESTIMATED VALUE OF ABOVE R 200 000.00 (VAT INCLUDED)

24.9.1 Goods or services above a transaction value of R200 000 (VAT included) must be procured through a competitive bidding process, save for the exceptional cases allowable by Treasury which includes services as contemplated in section 110(2) of the Act.

24.9.2 No requirement for goods or services above an estimated transaction value of R 200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

24.9.3 The Accounting Officer shall invite competitive bids for all the procurement per case above the estimated value of R 200 000.00 by means of a public advertisement.

24.9.4 A case is regarded as the consolidated requirement of related items (items of a common commodity group, e.g. grouping items of stationery together) that exists at a given point in time. It should cover the total quantities and estimated value (VAT included) of all the items concerned for complete service or supply.

24.9.5 The prescripts of the Preferential Procurement Policy Framework Act, Act No 5 of 2000 and its associated Regulations should be adhered to.

24.9.6 Any invitation to prospective providers to submit bids must be advertised in National Treasury e-tender portal and on any other appropriate ways

24.9.7 The 90/10 principle must be applied for contracts above the rand value of R 50-million and above (inclusive of all applicable taxes).

24.9.8 The 80/20 principle must be applied for contracts from R30 000 and to the rand value of up to R 50 million (inclusive of all applicable taxes).

- Preferential points will be determined by the bid specification committee in consultation with the Accounting Officer depending on the nature of procurement.

24.9.9 **Process for competitive bidding**

- The process for competitive bidding has eight (8) distinct stages:

24.9.9.1 The compilation of bid documentation.

24.9.9.2 The public invitation of bids.

24.9.9.3 Site meetings or briefing sessions, if applicable.

24.9.9.4 The handling of bids submitted in response to the public invitation.

24.9.9.5 The evaluation of bids.

24.9.9.6 The award of contracts.

24.9.9.7 The administration of contracts.

24.9.9..8 Proper record keeping.

24.9.10 Bid documentation for competitive bids

- The Accounting Officer shall establish the criteria to which bid documentation for a competitive bidding process must comply.
- The bid documentation shall be in accordance with:

24.9.10..1 At least the general conditions of contract and supply chain management guidelines of National Treasury.

24.9.10..2 The requirement of the Construction Industry Development Board as approved by National Treasury in the case of a bid relating to the construction, upgrading or refurbishment of buildings or infrastructure.

24.9.10..3 Bid documentation must include evaluation and adjudication criteria, including the criteria prescribed in terms of the PPPFA and its related Regulations.

24.9.10..4 Bid documents will be sold at the amount to be determined by the Chief Financial Officer and approved by the Accounting of the entity.

- All bidders are compelled to declare any conflict of interest they may have in a specific bid.
- If the value of the transaction is expected to exceed R10 million (VAT included) bidders have to furnish:

24.9.10..1 Their audited or independently reviewed annual financial statements in terms of the South African Companies Act and its regulations as amended from time to time :

24.9.10..1.1 For the past three years, or

24.9.10..1.2 Since their establishment if established during the past three years.

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- 24.9.10..2 A certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal or other service providers in respect of which payment is overdue for more than 30 days.
- 24.9.10..3 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.
- 24.9.10..4 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 entity is expected to be transferred out of the Republic.
- All bidders are compelled to furnish their tax reference/registration number and identification numbers where applicable.
 - Bid disputes are to be settled by means of mutual consultation, mediation (with or without legal representation) or when unsuccessful, in a South African court of law.
 - Bids are advertised in at least a commonly circulated newspaper, at least 14 days before closure, except in urgent cases when bids may be advertised for such shorter period as the Accounting Officer may determine.
 - Furthermore, the following shall take place:
- 24.9.10..1 All bids or offers must be submitted in writing on the prescribed bid documentation in a sealed marked envelope and must be deposited by the bidders themselves or their appointed representatives into the designated Bid Box by no later than the date and time stipulated in the bid documents.
- 24.9.10..2 There shall always be a unique reference number and title or description for each bid advertised, in order to avoid any ambiguity that could result in respect thereof.
- 24.9.10..3 The closing date and time of each bid invitation shall be chosen carefully or systematically.
- 24.9.10..4 There shall be suitable and dedicated staff to handle all queries in respect of any bids.

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- 24.9.10.5 All prospective bidders shall be provided with similar bid information, with no bidder having competitive advantage over another.
- 24.9.10.6 The policies, procedures and protocols published in the bid documentation must always be adhered to. Any subsequent changes thereto must be communicated to all bidders.
- 24.9.10.7 There must be a formal line of communication to ensure consistency of communication.
- 24.9.10.8 All communication regarding the bid should preferably be in writing, filed and recorded.
- 24.9.10.9 Centlec (SOC) Ltd will ensure that the costs of obtaining bid documentation, the availability thereof and bid requirements do not disadvantage potential bidders in any way.
- 24.9.10.10 If it is desirable to amend, alter or replace samples, specifications, copies or conditions subsequent to the closing date and time, and before notification of acceptance has been given, new bids shall be invited.
- 24.9.10.11 The Chief Financial Officer in consultation with the senior manager concerned may, if necessary, communicate with bidders and prospective bidders prior to bid closing in order to supply additional information or to clarify vague points in the bid documents.

24.9.11 Publication of names of bidders in respect of advertised competitive bids with a transaction value above R 200 000 (all applicable taxes included):

- Within ten (10) working days after the closure of any advertised competitive bid, the entity must publish on the website the names of all the bidders that submitted bids in relation to that particular advertisement, where practical must also publish the total price and preferences claimed by the respective bidder. The information should remain on the website for at least thirty (30) days.

24.9.12 Verification by the Chief Financial Officer prior to advertisement of bids above R10 million

- 24.9.11.1 The following information must be submitted by the senior manager responsible for the Vote to the CFO **prior** to the public advertisement of any bids in excess of R10 million (all applicable taxes included):

- a) Proof that budgetary provision exists for procurement of the goods, services and/or infrastructure projects;
- b) Any ancillary budgetary implications related to the bid, for example, if the project is for the acquisition of a municipal asset, does budgetary provision exist for the operation of the asset, maintenance costs relating to the asset, administration costs and rehabilitation/renewal costs;
- c) Any multi-year budgetary implications, for example, if a project will take more than one financial year, the estimated expenditure per financial year.

24.9.11.2 Goods, services and/or infrastructure projects above the value of R10 million (all applicable taxes included) may only be advertised after the CFO has verified in writing that budgetary provision exists for the commencement of the particular project.

24.9.11.3 Requirements may not be deliberately split into parts or items of lesser value merely to avoid the information being submitted.

24.9.12 Public invitation for competitive bids

- Any invitation to prospective providers to submit bids shall be by means of a public advertisement in newspapers commonly circulating locally, the website of the entity and any other appropriate ways (which may include an advertisement in the Government Tender Bulletin).
- The information of a public advertisement will contain 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.

24.9.12.1 A statement that bids may only be submitted on the bid documentation provided by the entity.

- The Accounting Officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirements, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- When the entity invites a bid that will be evaluated on the basis of functionality as a criterion, the Accounting Officer must clearly specify the following aspects in the bid documents:

- (a) *Evaluation criteria for measuring functionality*

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e.g Relevant experience for the assignment, the methodology proposed, the qualifications of the key staff proposes, transfer of knowledge etc.

(b) *Weight of each criterion*

e.g Relevant Experience = 60% , Methodology Proposed = 30%, etc. The sum total of the weight that is allocated to all criteria should not be greater than 100%.

Weights should be determined separately for each bid on its own merit basis.

(c) *Applicable values*

The applicable values that will be utilised when scoring each criterion should be objective.

The following the following value system will be used in evaluation of functionality for all bids:

VALUE	RATING
1	Poor
2	Average
3	Good
4	Very Good
5	Excellent

(d) *Minimum qualifying score for functionality.*

The minimum qualifying score for functionality that must be obtained for a bid to be regarded as acceptable must be specific.

The minimum qualifying score must be determined separately for each bid or each case on its own merit basis. The minimum qualifying score must not be prescribed so low that it may jeopardise the quality of the service required nor so high that it may be restrictive to the extent that it jeopardizes the fairness of the SCM system.

The formula to be utilised to convert the functionality scores to percentages is as follows:

$P_s = S_o / M_s \times 100$ where:

P_s = percentage scored for functionality by bid/proposal under consideration

S_o = total score of bid/proposal under consideration

Ms = maximum possible score

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

24.9.13 Where it is impracticable to obtain minimum number of quotations due to the nature of transaction:

24.9.13.1 Exemption from normal procurement process of obtaining minimum of three (3) price written quotations:

The following procurement of goods, services or works shall be exempted from following normal procurement process of obtaining minimum of three (3) written price quotations, irrespective of the monetary value and the inclusion of service providers on the supply chain management accredited list of service providers. For all below listed items, the exemption the Accounting Officer authorizes the sourcing of one quotation:

- Newspaper Advertisement;
- Stamp and Postage;
- Courier Services;
- Groceries;
- Annual Subscriptions and Membership;
- Annual Registrations;
- Registration and Licensing;
- General Repairs and Maintenance of agent products;
- Venues and Accommodation Bookings;
- Transportation;
- Medical Products and Services;
- Renewal for Certificate of Roadworthy;
- Scheduled Fleet Maintenance or Services;
- Dinning and Restaurant;
- Emergency Breakdowns;
- Stripe and Quote
- Fuel or Petrol;
- Legal Services and
- Legislation Updates.

24.10 TWO-STAGE BIDDING PROCESS

For large complex plants or projects of special nature or long term projects with a duration period exceeding three years, it may be undesirable to prepare complete detailed technical specifications in advance, Accounting Officer may make use of two-stage bidding process. Under the first stage unpriced technical proposals on the basis of conceptual design or performance specifications are invited, subject to technical as well as commercial clarifications and adjustments. The second stage should include amended bidding documents and the submission of final technical proposals and priced bids.

24.11 PROCEDURE FOR HANDLING, OPENING AND RECORDING OF BIDS

24.11.1 The procurement section of Centlec (SOC) Ltd will be responsible for the receipt and opening of all bids.

24.11.2 The following procedures shall be followed:

24.11.3 Bids may be opened only in public. (except when members of the public are not present at the time of opening the bid box)

24.11.4 A bid box must be opened immediately after each bid has closed by at least one supply chain official of Centlec (SOC) Ltd and at least one member of the Bid Committee of Centlec (SOC) Ltd.

24.11.5 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. If the bid consist of more than one item, the official may at his discretion, decide on whether or not all of the items should be read out.

24.11.6 All the bids that have been deposited into the bid box and opened must be recorded in a bid register.

24.11.7 All opened bids must be date stamped and individually initialed in ink on each material page by the abovementioned officers. Any errors must also be initialed as above.

24.11.8 Any deposits or securities received with bids must be handed to the financial officer for official acknowledgement of receipt thereof.

24.11.9 The name of the bidders and amount of the bid must be recorded in the bid register and handed to the responsible person, who will acknowledge in writing receipt thereof.

24.11.10 The bid register shall be locked in a safe place for subsequent bid evaluations.

24.11.11 All bid documentation via telegram, e-mail, telex, facsimile or other method other than the prescribed method before, on or after the closing date and time must be registered and should not be considered and returned unopened immediately.

24.11.12 The specified date and/or time will be registered in the bid register and marked "late bid", these bids will be rejected and not be considered.

24.11.13 Bids received after the closing time shall not be considered and will be returned unopened immediately.

24.11.14 Bids results shall be displayed on official notice boards and the entity's website and shall include the following:

- Contract numbers and descriptions;
- Names of the successful bidder(s) and preferences claimed;
- The contract price(s); and
- Brand names and dates for completion of contracts (if possible).

24.11.15 Make the register available for public inspection.

24.11.16 Publish the entries in the register and the bid results on the website.

24.12 NEGOTIATIONS WITH PREFERRED BIDDERS

24.12.1 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:

24.12.2 Does not allow any preferred bidder a second or unfair opportunity.

24.12.3 Is not to the detriment of other bidders.

24.12.4 Does not lead to a higher price than the bid as submitted.

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

24.13 EVALUATION AND AWARDING OF BIDS

24.13.1 Bids will be evaluated in terms of the point system as laid out in the Preferential Procurement Policy Framework Act, 2000 (Act No 5 of 2000) and the its regulations.

24.13.2 When functionality is included as a criterion in the Evaluation of bids, the evaluation of the bids shall be conducted in the following two stages:

Firstly: the assessment of functionality shall be done in terms of the evaluation criteria and the minimum threshold as were stipulated in the invitation for bids. A bid shall be disqualified if it fails to meet the minimum threshold for functionality and shall be regarded as acceptable if it achieves the prescribed minimum qualifying score for functionality as per the bid invitation

Secondly: only the qualifying bids will be evaluated in terms of the 80/20 or 90/10 preference points systems, where the 80 or 90 points shall be used for price only and the 20 or 10 points are used for HDI ownership and / or for achieving the prescribed RDP goals.

24.13.3 The amendment of evaluation criteria, weights, applicable values and/or the minimum qualifying score for functionality after the closure of bids should be prohibited as this will jeopardise the fairness of the Supply Chain Management system of the entity.

24.13.4 The 80/20 preference points system shall be used in evaluation of bids (including price quotations) with the rand value equal to or above R 30 000 (VAT and all other applicable taxes included) up to the rand value of R 50 million (VAT and other applicable taxes included) using the following formula:

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

- P_s = Points scored for comparative price of bid/offer under consideration
- P_t = Comparative price of bid/offer under consideration
- P_{min} = Comparative price of lowest acceptable bid/offer

24.13.5 The 90/10 preference points system shall be used in evaluation of bids (including price quotations) with the rand value above R million (VAT and all other applicable taxes included) using the following formula:

$$P_s = 90 \left(1 - \frac{P_t - P_{min}}{P_{min}} \right), \text{Where:}$$

- P_s = Points scored for comparative price of bid/offer under consideration
- P_t = Comparative price of bid/offer under consideration
- P_{min} = Comparative price of lowest acceptable bid/offer

Once the points for price has been calculated, preference points for BBEE status level contributor for both the 80/20 and 90/10 preference systems shall be determined in according to the table below:

B-BBEE Status Level Contributor	Number of points for 80/20 system	Number of points for 90/10 system
1	20	10
2	18	9
3	14	6
4	12	5
5	8	4
6	6	3
7	4	2
8	2	1
Non-compliant contributor	0	0

24.13.6 The maximum preference points that may be allocated for both the 80/20 and 90/20 point systems in respect of the BBEE status level contributor shall not exceed 20 and 10 respectively.

24.13.7 The Accounting Officer shall exercise due care to ensure that a bid is not disqualified from the bidding process solely because the bidder does not submit a certificate substantiating the BBEE status level of contribution or is a non-compliant contributor, however, BBEE status level contributor points shall not be allocated if the bidder does not submit an appropriate certificate substantiating points claimed or if the bidder is a non-compliant contributor.

24.13.8 The points scored for price must be added to the points scored for BBEE status level of contributor to obtain the bidder's total points scored out of 100.

24.13.9 When calculating comparative prices, unconditional discounts must be taken into account for evaluation purposes; and conditional discounts must not be taken into account, but should be implemented when payments are effected.

24.13.10 A procurement contract shall be awarded to the bidder who scored the highest total number of points in terms of the preference point systems.

24.13.11 In the event that two or more bids have scored equal total points, the successful bid must be the one that scored the highest points for BBEE.

24.13.12 If two or more bids have equal points, including equal preference points for BBEE, the successful bid must be the one scoring the highest score for functionality if functionality is part of the evaluation process.

24.13.13 In the event that two or more bids are equal in all respects, the award must be decided by the drawing of lots

24.13.14 Tenders evaluated on functionality

- It must be stated in the tender documents if the tender will be evaluated on functionality.
- The evaluation criteria for measuring functionality must be objective
- The tender documents must specify-
 - a) the evaluation criteria for measuring functionality;
 - b) the points for each criteria and, if any, each sub-criterion; and
 - c) the minimum qualifying score for functionality
- 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) low that it may jeopardise the quality of the required goods or services; or
 - iii) high that it is unreasonably restrictive
- Points scored for functionality must be rounded off to the nearest two decimal places.
- A tender that fails to obtain the minimum qualifying score for functionality as indicated in the tender documents is not an acceptable tender.
- 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.

24.13.15 Award of contracts to tenderers not scoring highest points

- A contract may be awarded to a tenderer that did not score the highest points only in accordance with section 2(1)(f) of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000).

- If it is decided to apply objective criteria in terms of section 2(1)(f) of the the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000), the objective criteria must be stated in the tender documents.

24.13.16 Pre-qualification criteria for preferential procurement

If it is decides to apply pre-qualifying criteria to advance certain designated groups, Centlec (SOC) Ltd. will advertise the tender with a specific tendering conditions that only one or more of the following tenderers may respond-

- a tenderer having a stipulated minimum B-BBEE status level of contributor;
- an EME or QSE
- a tenderer subcontracting a minimum of 30% to-
 - 1) an EME or QSE which is at least 51% owned by black people;
 - 2) an EME or QSE which is at least 51% owned by black people who are youth;
 - 3) an EME or QSE which is at least 51% owned by black people who are women;
 - 4) an EME or QSE which is at least 51% owned by black people with disabilities;
 - 5) an EME or QSE which is 51% owned by black people living in rural or underdeveloped areas or townships;
 - 6) a cooperative which is at least 51% owned by black people;
 - 7) an EME or QSE which is at least 51% owned by black people who are military veterans;
 - 8) an EME or QSE.

A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is an unacceptable tender.¹

24.14 LOCAL PRODUCTION CONTENT

24.14.1 Bids in respect of designated sectors must contain a specific bidding condition that only locally produced goods, services or works or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered.

24.14.2 Where there is no designated sector, the Accounting Officer may decide to include a specific bidding condition that only locally produced goods, services or works or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered. Such a condition

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and minimum threshold must only be included with the approval of the National Treasury in consultation with the Department of Trade and Industry.

24.14.3 Every bid invited on the basis of local production and content must be measurable and must be audited by the institution's internal audit. Bids that were invited on the basis of local production and content should be evaluated by following a two-stage bidding process:

First stage – Evaluation in terms of the stipulated minimum threshold for local production and content

- Bids must be evaluated in terms of the evaluation criteria stipulated in the bid documents. The amendment of the stipulated minimum threshold for local production and content after the closure of bids is not be allowed as this will jeopardise the fairness of the system.
- A bid is regarded as acceptable if it achieves the stipulated minimum threshold for local production and content.
- Bids that fail to achieve the stipulated minimum threshold for local production and content must be disqualified

Second stage - Evaluation in terms of the 80/20 or 90/10 preference point systems

- Only acceptable bids must be evaluated further in terms of the 80/20 or 90/10 preference point systems prescribed as prescribed in this policy.
- Where appropriate, prices may be negotiated only with short listed or preferred bidders. The reasons for such price negotiations must be approved by the Accounting Officer and recorded for audit purposes.

24.15 VERIFICATION FROM THE CHIEF FINANCIAL OFFICER PRIOR TO THE AWARD OF CONTRACTS ABOVE THE VALUE OF R10 MILLION

24.15.1 Contracts above the value of R10 million (all applicable taxes included) may only be awarded to the preferred bidder after the Chief Financial Officer has verified in writing that budgetary provision exists

for the acquisition of the goods, infrastructure projects and/or services and that it is consistent with the Multi-Year Business Plan.

24.16 CONFIRMATION OF BIDDING PROCESS FOR BIDS IN EXCESS OF R10 MILLION (ALL APPLICABLE TAXES INCLUDED)

24.16.1 During competitive bidding and adjudication processes or before the award of a contract, the Accounting Officer may, at his or her discretion, specifically request the Internal Audit function to carry out audit procedures and provide an opinion on compliance of the bidding process with the Municipal Supply Chain Management Regulations. Internal Audit may issue a certificate to the effect that all prescribed requirements have been adhered to before the contract is awarded based on the procedures performed.

24.16.2 Where bids involve Internal Audit service, the audit of the bidding process may be outsourced to an independent external service provider or internal audit function of another organ of state, subject to the oversight of the audit committee.

24.16.3 The Accounting Officer may, at his or her discretion, decide to have a specific contract audited by external service providers prior to the award of the contract.

24.17 PLACING OF ORDERS FOR PAYMENT IN ANOTHER FINANCIAL YEAR

24.17.1 The entity is prohibited from deliberately placing orders for goods, services and/or infrastructure projects from suppliers, receiving such goods, services and/or infrastructure projects and arranging with suppliers for such goods, services and/or infrastructure projects to be invoiced and paid for in another financial year.

24.17.2 The prohibition above does not apply to multi-year contracts and projects adopted over multi-years in terms of MFMA sections 19 and 33.

24.18 PAYMENTS WITHIN 30 DAYS

24.18.1 All payments due to the creditors must be settled within 30 days from receipts of an invoice or, in case of civil claims, from the date of settlement or court judgment.

24.18.2 Amounts owing should be paid within 30 days from receipts of invoice if the goods, works or services were delivered to the satisfaction of the Accounting Officer or responsible official of the entity.

24.19 SUB-CONTRACTING

24.19.1 A bidder shall not be awarded the points claimed for BBBEE status level of contribution if it is indicated in the bid documents that such a bidder intends sub-contracting more than 25% of the contract value to any other enterprise that does not qualify for at least the same number of points that the bidder qualifies for, unless the intended sub-contractor is an EME that has the capability and ability to execute the sub-contract.

24.19.2 A contractor is not allowed to sub-contract more than 25% of the contract value to another enterprise that does not have equal or higher B-BBEE status level, unless the intended sub-contractor is an EME that has the capability and ability to execute the sub-contract.

24.19.3 In relation to a designated sector, a contractor must not be allowed to sub-contract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.

24.19.4 A bidder awarded a contract may only enter into a subcontracting arrangement with the approval of Centlec (SOC) Ltd.

24.19.5 Subcontracting as condition of tender for contract amount above R30 million

(1) If it is feasible to subcontract a contract above R30 million, Centlec (SOC) Ltd must apply subcontracting to advance designated groups as Required by the PPPF Act 2000: preferential procurement regulations, 2017

(2) If Centlec (SOC) Ltd applies subcontracting as contemplated in subregulation (1) Centlec (SOC) Ltd must advertise the tender with a specific tendering condition that the successful tenderer must subcontract a minimum of 30% of the value of the contract to-

- a) an EME or QSE;
- b) an EME or QSE which is at least 51% owned by black people
- c) an EME or QSE which is at least 51% owned by black people who are youth
- d) an EME or QSE which is at least 51% owned by black people who are women
- e) an EME or QSE which is at least 51% owned by black people with disabilities
- f) an EME or QSE which is 51% owned by black people living in rural or under developed areas or townships
- g) a cooperative which is at least 51% owned by black people
- h) an EME or QSE which is at least 51% owned by black people who are military veterans or

i) more than one of the categories referred to in paragraphs (a) to (h)

(3) Centlec (SOC) Ltd must make available the list of all suppliers registered on a database approved by the National Treasury to provide the required goods or services in respect of the applicable designated groups mentioned in sub regulation (2) from which the tenderer must select a supplier.

24.20 APPROVAL OF BIDS NOT RECOMMENDED

24.20.1 If a bid other than the one recommended in the normal course of implementing the supply chain management policy is approved, the reasons for such a decision must be approved and recorded and must be defensible in a court of law.

24.20.2 The Accounting Officer must further notify the Auditor-General, the Provincial Treasury and the National Treasury, in writing of the reasons for approval of any bid not recommended.

24.20.3 The above does not apply if a different bid was approved in order to rectify an irregularity.

24.21 UNSOLICITED BIDS

24.21.1 The entity is not obliged to consider unsolicited bids received outside a normal bidding process, however if the entity decides to consider unsolicited bids, it may do so, only if:

24.21.2 The product or service offered in terms of the bids is a unique innovative concept that will be exceptionally beneficial to or have exceptional cost advantages for the entity.

24.21.3 The person who made the bid is the sole provider of the product or service.

24.21.4 The reasons for not going through the normal biddings processes are found to be sound by the Accounting Officer.

24.21.5 The need for the product or service by the entity has been established during its annual performance planning and budgeting process.

24.21.6 If the Accounting Officer decides to consider an unsolicited bid that complies with subparagraph 24.17.1 above, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with:

24.21.7 Reasons as to why the bid should not be open to other competitors.

24.21.8 An explanation of the potential benefits if the unsolicited bid were accepted.

24.21.9 An invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.

24.21.10 All written comments received pursuant to the subparagraph above, including any responses from the unsolicited bidder, must be submitted to Mangaung Metro Municipality and the National Treasury for comment.

24.21.11 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.

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

24.21.13 When considering the matter, the adjudication committee must take into account:

- Any comments submitted by the public.
- Any written comments and recommendations of the National Treasury or the provincial treasury.

24.21.14 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 provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.

24.21.15 Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the entity to the bid may be entered into or signed within 30 days of the submission.

24.22 CANCELLATION OF BIDS / TENDERS

24.22.1 In the application of the 80/20 preference point system, if **ALL** bids received exceed R50 000 000, the bid must be cancelled, however, if one or more of the acceptable bid(s) received are within the R50 000 000 threshold, all bids received must be evaluated on the 80/20 preference point system.

24.22.2 In the application of the 90/10 preference point system, if **ALL** bids received are equal to or below R50 million, the bid must be cancelled, however, if one or more of the acceptable bid(s) received are

above the R 50 million threshold, all bids received must be evaluated on the 90/10 preference point system.

24.22.3 If a bid was cancelled as indicated above, the correct preference point system must be stipulated in the bid documents of the re-invited bid.

24.22.4 The Accounting Officer may, prior to the award of a bid, cancel such bid if:

- Due to changed circumstances, there is no longer a need for the services, works or goods requested.
- Funds are no longer available to cover the total envisaged expenditure.
- No acceptable bids are received.
- If there is a material irregularity in the tender process

If all bids received are rejected, the entity must review the reasons justifying the rejection and consider making revisions to the specific conditions of contract, design and specifications, scope of the contract, or a combination of these, before inviting new bids.

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

Centlec (SOC) Ltd. may only with the prior approval of the relevant treasury cancel a tender invitation for the second time.

24.23 NATIONAL INDUSTRIAL PARTICIPATION PROGRAMME

24.23.1 Before awarding a contract above R100 million which is subject to the National Industrial Participation Programme, the Accounting Officer must obtain clearance for the recommended bidder from the Department of Trade and Industry. If the Accounting Officer receives no response within 30 days of the request, this clearance of the recommended bidder as a precondition for the award of the contract falls away.

24.24 SERVICES RENDERED BY TERTIARY INSTITUTIONS AND PUBLIC ENTITIES

24.24.1 Based on thorough analysis of the market, the entity may invite bids for services that can only be provided by tertiary institutions through a bidding process from the identified tertiary institutions.

24.24.2 Where the required service can be provided by tertiary institutions, public entities and enterprises from the private sector, the entity must invite competitive bids.

24.25 PROCUREMENT OF IT RELATED GOODS AND SERVICES

24.25.1 Accounting Officer may seek specialised advice from SITA in acquisition of it related goods and services.

24.25.2 The Accounting Officer may request the State Information Technology Agency (SITA) to assist the entity with the acquisition of IT related goods or services through a competitive bidding process.

24.25.3 The parties must enter into a written agreement to regulate the services rendered by and the payments to be made to SITA.

24.25.4 The Accounting Officer must notify SITA together with a motivation of the IT needs if:

24.25.5 The transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included).

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

24.25.7 If SITA comments on the submission and the entity disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the board, the council of Mangaung Metro Entity and the Auditor-General.

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

24.26.1 The Accounting Officer may procure goods or services for the entity under a contract secured by another organ of state, but only if:

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

24.26.3 That other organ of state and the provider have consented to such procurement in writing.

24.26.4 There is no reason to believe that such contract was not validly procured.

24.26.5 There are demonstrable discounts or benefits to do so.

24.27 APPOINTMENT OF CONSULTANTS

24.27.1 The Accounting Officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.

24.27.2 Consultancy services shall be procured through competitive bids if:

24.27.3 The value of the contract exceeds R 200 000.00 (VAT included).

24.27.4 The duration period of the contract exceeds one year.

24.27.5 In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of:

24.27.6 All consultancy services provided to an organ of state in the last five years.

24.27.7 Any similar consultancy services provided to an organ of state in the last five years.

24.27.8 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 entity.

24.27.9 The Accounting Officer may appoint the Panel of Consultants to assist the Entity to evaluate the bids for the appointment of the Consultants in the case whereby the entity does not have necessary capacity for appointment of such consultant.

24.28 DEVIATION FROM OFFICIAL PROCUREMENT PROCESSES

24.28.1 The Accounting Officer may dispense with the official procurement processes established by the policy to procure any required goods or services through any convenient process, which may include direct negotiations, but only:

- In an emergency.
- If such goods and services are produced or available from a single provider only.
- For the acquisition of special works of art or historical objectives where specifications are difficult to compile.
- Acquisition of animals for zoos and/or nature and game reserves.
- In any other exceptional case where it is impractical to follow the official procurement processes.

24.28.2 In cases where quotations were not submitted in time by the potential service provider(s), but only when there is documented proof that the potential service provider(s) was invited to provide the quotation and was given a clear timeframe in which to respond.

24.28.3 The Accounting Officer must record the reasons for such deviation and report them to the next meeting of the board of directors and include as a note to the annual financial statements.

24.28.4 The above does not apply to the procurement of goods and services in respect of the following:

- If the entity contracts with another organ of state for the provision of goods or services to the entity.
- The provision of a municipal service or assistance in the provision of a municipal service.
- The procurement of goods and services under a contract secured by that other organ of state, provided that the relevant supplier has agreed to such procurement.

24.28.5 The Accounting Officer may 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.

24.29 MANAGEMENT OF EXPANSION OR VARIATION OF ORDERS AGAINST THE ORIGINAL CONTRACT

24.29.1 It is recognized that, in exceptional cases, an Accounting Officer may deem it necessary to expand or vary orders against the original contract.

- 24.29.2 Contracts may be expanded or varied by not more than 20% or R20 million (including all applicable taxes) for construction related goods, services and/or infrastructure projects and 15% or R15 million (including all applicable taxes) for all other goods and/or services of the original value of the contract, whichever is the lower amount.
- 24.29.3 Furthermore, anything beyond the abovementioned thresholds must be reported to the board of directors.
- 24.29.4 Any expansion or variation in excess of these thresholds will be regarded as an amendment to the contract, and must be dealt with in terms of the provisions of section 116(3) of the MFMA as follows:
- a) the reasons for the proposed amendment have been tabled to the board of directors and in the council of the parent municipality; and
 - b) the local community-
 - (i) must be given reasonable notice of the intention to amend the contractor agreement; and
 - (ii) must be invited to submit representations to the entity.
- 24.29.5 The provisions of the above paragraph are not applicable to transversal term contracts, facilitated by the provincial or national treasury on behalf of the entity and other term contracts where orders are placed as and when commodities are required since that at the time of awarding contracts, the required quantities were unknown.

24.30 CANCELLATION OF ORDERS

24.30.1 All orders that have been issued are valid only for 90 days, should the issued order exceed 90 days while the goods or service has not being delivered or rendered such order should be cancelled providing the reasons on order cancellation form. All the supporting documents should be filed after approval of cancellation of order by Manager: Supply Chain Management.

24.30.2 All orders that are issued should be stamped "90 days delivery, if not delivered order will be cancelled".

24.30.3 When order is cancelled it should be recorded on order cancellation book and also be cancelled on the system.

24.31 URGENT PROCUREMENT

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24.31.1 Irrespective of monetary value, an urgent procurement process will only apply where early delivery is of critical importance and the utilisation of the standard procurement process is either impossible, or impractical.

24.32 EMERGENCY PROCUREMENT

24.32.1 Irrespective of monetary value, an emergency procurement process will only apply in serious, unexpected and potentially dangerous circumstances which require immediate rectification:

24.32.2 In the event of a threat or interruption in the entity's ability to execute its mandate.

24.32.3 In the event of an immediate threat to the environment or human safety.

24.33 CONTRACTS AND CONTRACT MANAGEMENT

24.33.1 A contract or agreement procured through the supply chain management system of a entity shall:

- Be in writing.
- Stipulate the terms and conditions of the contract or agreement, which must include provisions providing for:
 - i. The termination of the contract or agreement in the case of non- or underperformance.
 - ii. Dispute resolution mechanisms to settle disputes between the parties.
 - iii. Any other matters that may be prescribed.

24.33.2 The Accounting Officer shall:

- Take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the entity is properly enforced.

24.33.3 Monitor on a monthly basis the performance of the contractor under the contract or agreement.

24.33.4 Establish capacity in the administration of the entity:

- To assist the Accounting Officer in carrying out the duties set out in the above sub-paragraphs.
- To oversee the day-to-day management of the contract or agreement.

24.33.5 Regularly report to the board on the management of the contract or agreement and the performance of the contractor.

24.33.6 A contract or agreement procured through the supply chain management policy of the entity may be amended by the parties, but only after:

24.33.7 The reasons for the proposed amendment have been tabled in the board.

24.33.8 The local community:

- Has been given reasonable notice of the intention to amend the contract or agreement.
- Has been invited to submit representations to the entity.

24.33.9 Custom Contracts (Specialised Services):

- These are unique, custom design programs or equipment's designed specifically to assist the entity with daily activities of service delivery and managing the internal processes. This may include but not limited to equipment, custom IT infrastructure networks, plants, custom designed software's etc. that are used on recurring basis. For these types of contracts, expansion or extension of the contract beyond it's initial termination date should be done in line with section 116(3) of MFMA, however in order for the procedures to remain compliant with the provisions of this section, all due processes should unfold timeously and prior to the actual termination date of the contract.

24.34 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

24.34.1 The entity may enter into a contract which will impose financial obligations on the entity beyond a financial year, but if the contract will impose financial obligations of the entity beyond the three years covered in the annual budget for that financial year, it may do so only if:

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- The Accounting Officer, at least 60 days before the meeting of the board at which the contract is to be approved:

24.34.1.1 In accordance with Section 21(a) of the Municipal Systems Act:

24.34.1.1.1 Made public the draft contract and an information statement summarising the entity's obligation in terms of the proposed contract.

24.34.1.1.2 Invited the local community and other interested persons to submit to the entity comments or representations in respect of the proposed contract.

24.34.1.2 Has solicited the views and recommendations of:

24.34.1.2.1 Mangaung Metro Municipality;

24.34.1.2.2 The National Treasury and the Provincial Treasury.

24.34.1.2.3 The national department responsible for local government.

24.34.1.2.4 The national department, responsible for the provision of electricity, or any other service as may be prescribed.

- The board has taken into account:

24.34.1.1 The entity's projected financial obligations in terms of the proposed contract for each financial year covered by the contract.

24.34.1.2 The impact of those financial obligations on the entity's future municipal tariffs and revenue.

24.34.1.3 Any comments or representations on the proposed contract received from the local community and other interested persons.

24.34.1.4 Any written views and recommendations on the proposed contract by the National Treasury, the Provincial Treasury, the national department responsible for local government and any national department referred to in sub-paragraph 24.28.1.1.2

- The board has adopted a resolution in which:

24.34.1.1 It determines that the entity will secure a significant capital investment or will derive a significant financial economic or financial benefit from the contract.

24.34.1.2 It approves the entire contract exactly as it is to be executed.

24.34.1.3 It authorises the Accounting Officer to sign the contract on behalf of the entity.

24.34.2 All contracts referred to in the paragraph above and all other contracts that impose a financial obligation on the entity:

- Must be made available in their entirety to the board.
- May not be withheld from public scrutiny except as provided for in terms of the Promotion of Access to Information Act, 2000 (Act No 2 of 2000).

24.35 CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER

24.35.1 If a service provider acts on behalf of the entity to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider or the amount collected, the contract between the services and the entity must stipulate:

- A cap on the compensation payable to the service provider.
- That such compensation must be performance based.

24.36 OBJECTIONS AND COMPLAINTS

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

24.37 RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES

24.37.1 The Accounting Officer shall appoint an independent and impartial person, not directly involved in the supply chain management processes:

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- To assist in the resolution of disputes between the entity and other persons regarding:
 - 24.37.1.1 Any decisions or actions taken in the implementation of the supply chain management system.
 - 24.37.1.2 Any matter arising from a contract awarded in the course of the supply chain management system.
 - To deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- 24.37.2 The Accounting Officer, or another official designated by the Accounting Officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- 24.37.3 The person appointed shall:
- Strive to resolve promptly all disputes, objections, complaints or queries received.
 - Submit monthly reports to the Accounting Officer on all disputes, objections complaint or queries received, attended to or resolved.
- 24.37.4 A dispute, objection, complaint or query may be referred to the relevant provincial treasury if:
- The dispute, objection, complaint or query is not resolved within 60 days.
 - No response is forthcoming within 60 days.
- 24.37.5 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.
- 24.37.6 This must not be read as affecting a person's rights to approach a court at any time.

24.32 PROCUREMENT OF BANKING SERVICES

- 24.32.1** Banking services shall be procured through competitive bidding process, must be consistent with section 7 of the MFMA and may not be for a period of more than five years at a time.

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

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

24.33 PROCUREMENT OF BANKING SERVICES:

24.33.1 Banking services in relation to investments of funds shall be in accordance with the Banking and Investment Policy as approved from time to time.

24.34 PROHIBITION OF RESTRICTIVE PRACTICES

24.34.1 An agreement between, or concerted practice by, firms, or a decision by an association of firms, shall be prohibited if it is between parties in a horizontal relationship and if :

- a) it has the effect of substantially preventing, or lessening, competition in a market, unless a party to the agreement, concerted practice, or decision can prove that any technological, efficiency or other precompetitive gain resulting from it outweighs that effect; or
- b) it involves any of the following restrictive horizontal practices:
 - i. directly or indirectly fixing a purchase or selling price or any other trading condition;
 - ii. dividing markets by allocating customers, suppliers, territories, or specific types of goods or services; or
 - iii. collusive tendering.

24.34.2 An agreement to engage in a restrictive horizontal practice referred to in subsection 24.17.1 shall be presumed to exist between two or more firms if:

- a) any one of those firms owns a significant interest in the other, or they have at least one director or substantial shareholder in common; and
- b) any combination of those firms engages in that restrictive horizontal practice.

24.34.3 For purposes of subsections 24.34.2 above "director" means:

- a) a director (or member) of a company as defined in the Companies Act, 2008 (Act No. 71 of 2008);
- b) a trustee of a trust; or a person holding an equivalent position in a firm.

24.34.4 The provisions of section 24.34.3 above do not apply to an agreement between, or concerted practice engaged in by:

- a) a company, its wholly owned subsidiary, a wholly owned subsidiary of that subsidiary, or any combination of them; or
- b) the constituent firms within a single economic entity similar in structure to those referred above.

24.35 MEASURES TO PROHIBIT RESTRICTIVE PRACTICES

24.35.1 Certificate of Independent Bid Determination

24.35.1.1 When inviting price quotations, advertised competitive bids, limited bids or proposals, the Accounting Officer or his delegate shall require bidders to complete, sign and submit the Certificate of Independent Bid Determination (MBD 9) together with the bid documentation at the closing date and time of the quotation/bid.

24.35.1.2 If a bidder has failed to submit the MBD 9 together with the bid documentation, the bidder shall be requested, in writing, to submit the signed form within seven (7) working days of notification. Failure to submit the signed form within seven (7) working days of notification shall result in the invalidation of the bid.

24.35.1.3 Accounting Officer or his/her delegate shall utilize the information contained in the certificate to ensure that when bids are considered all reasonable steps are taken to prevent any form of bid rigging.

24.35.1.4 Based on reasonable grounds or evidence obtained by the Accounting Officer or his/her delegate, that a bidder has engaged in the restrictive practice as referred to in Section 4 (1) (b) (iii) of the Competition Act No. 89 of 1998, as amended, the Accounting Officer or his/her delegate may refer the matter, in writing, to the Competition Commission for investigation and possible imposition of administrative penalties.

24.35.2 Verifying the names and the identity numbers of directors / trustees / shareholders of companies, enterprises, closed corporations and trusts against the relevant staff structure:

24.35.2.1 The Accounting Officer shall utilize the MBD 4 form in the procurement above R 30 000 (all taxes included) to verify the identity numbers of the directors / trustees / shareholders of the

preferred bidder(s) against the institution's staff establishment in order to determine whether or not any of the directors / trustees / shareholders are in the service of the state or employed by the specific institution.

24.35.2.2 The Accounting Officer shall also utilize the format of MBD 4 form in the suppliers application form for inclusion in the supplier database of the entity to verify the identity numbers of the directors / trustees / shareholders of the prospective supplier / service provider against the institution's staff establishment in order to determine whether or not any of the directors / trustees / shareholders are in the service of the state or employed by the specific institution before accrediting such supplier / service provider.

24.35.2.3

SECTION 25: LOGISTICS MANAGEMENT

25.1 Contract Management

25.1.1 The Accounting Officer shall take all reasonable steps to ensure that a contract or agreement procured through the SCM policy of Centlec (SOC) Ltd is properly enforced.

25.1.2 Both the user department and the SCM unit have a responsibility towards managing a contract.

25.1.3 The nature of the responsibility will determine who manages the specific contractual aspect.

25.2 Contract monitoring

25.2.1 The Accounting Officer shall monitor on a monthly basis the performance of the contractor under the contract or agreement.

25.2.2 The Accounting Officer shall regularly report to the board on the management of the contract or agreement and the performance of the contractor.

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

25.2.4 The SCM Unit is responsible for notifying the user department timely of term contract expiry that will allow the user department sufficient time to decide whether to renew the contract.

25.2.5 The user department must ensure that the contractor performs according to the stipulations of the contract in delivering the goods or services on time, in the correct quantity and to the required standard.

25.2.6 Regular meetings with contractors to discuss progress, deliverables, foreseeable problems and/or amendments must be held during the contract period.

25.3 Trademark/Brand Name

25.3.1 If a bid is accepted for a particular trademark/brand name, that trademark/brand name must appear on the product and substitute products must not be accepted.

25.4 Non-Contractual Purchases

25.4.1 Small quantities of supplies or minor services may be procured outside of the contract in the following circumstances:

25.4.1.1 In cases of emergency; or

25.4.1.2 When the contractor's point of supply is not situated at or near the place where the supply or service is required; or

25.4.1.3 If the contractor's supplies or services are not readily available.

25.4.2 Purchases outside the contract must be restricted to requirements that are absolutely necessary to satisfy the immediate requirement and the action must always be justifiable against the contract conditions.

25.4.3 Acquisition procedures must in all instances be followed when procuring outside of existing contracts.

25.5 Over-/Under Deliveries

25.5.1 Over- and under-deliveries may be accepted in accordance with the Accounting Officer's delegated powers.

25.6 Unsatisfactory Performance

- 25.6.1 The Accounting Officer shall continuously communicate unsatisfactory performance to contractors in writing compelling the contractor to perform according to the contract and thus to rectify or to restrain from unacceptable actions.

25.7 Late Deliveries

- 25.7.1 The GCC states that delivery of supplies shall be made in accordance with the conditions specified in the contract.
- 25.7.2 Before action due to late delivery is instituted against a contractor who has offered a firm delivery period, the circumstances under which the late delivery took place must be investigated. There may be valid reasons for the late delivery, which are beyond the control of the contractor, in which case action cannot be taken summarily against the contractor.
- 25.7.3 On the other hand, contractors must be allowed to delay deliveries repeatedly even where non-firm delivery periods have been offered. Wherever possible, firm delivery periods must be insisted upon before a bid is accepted, as well as when the issue of late deliveries crops up during the period of a contract.

SECTION 26: DISPOSAL MANAGEMENT

26.1 SYSTEM OF DISPOSAL MANAGEMENT

MFMA Section 90 Disposal of capital assets states the following

—(1) A municipal entity may not transfer ownership as a result of a sale or other transaction or otherwise dispose of a capital asset needed to provide the minimum level of basic municipal services.

(2) A municipal entity may transfer ownership or otherwise dispose of a capital asset other than an asset contemplated in subsection (1), but only after the council of its parent municipality, in a meeting open to the public—

(a) has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and

(b) has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset

(3) A decision by a municipal council that a specific capital asset is not needed to provide the minimum level of basic municipal services may not be reversed by the municipality or municipal entity after that asset has been sold, transferred or otherwise disposed of.

(4) A municipal council may delegate to the accounting officer of a municipal entity its power to make the determinations referred to in subsection (2) (a) and (b) in respect of movable capital assets of the entity below a value determined by the council.

(5) Any transfer of ownership of a capital asset in terms of subsection (2) or (4) must be fair, equitable, transparent and competitive and consistent with the supply chain management policy which the municipal entity must have and maintain in terms of section 111.

(6) This section does not apply to the transfer of a capital asset to a municipality or another municipal entity or to a national or provincial organ of state in circumstances and in respect of categories of assets approved by

26.1.1 The disposal management procedure manual shall provide for an effective system for the disposal or letting of assets no longer needed, including unserviceable, redundant or obsolete assets, subject to section 90 of the MFMA.

26.1.2 Disposal is managed by the following two (2) sub-processes:

26.1.2.1 Disposal planning.

26.1.2.2 Determining methods of disposal.

26.2 DISPOSAL PLANNING

26.2.1 Obsolescence Planning

26.2.1.1 Action to eliminate the obsolete item need only be taken when the stock level threatens the availability of the equipment.

26.2.1.2 For the period leading up to upgrades, in-service equipment will be managed to only maintain current capability and availability.

26.2.1.3 Anticipating and solving obsolescence problems is considerably cheaper than waiting until later when major equipment redesign is called for and equipment availability is threatened. Requiring higher shorter-term costs, a policy of spend to save needs therefore to be adopted.

26.2.1.4 A proactive approach to the identification of potential obsolescence risks is necessary. Once identified, each obsolescence risk needs to be assessed to determine its criticality.

26.2.1.5 What is crucial to the assessment of obsolescence risk is not the time at which a unit or component goes obsolete, but when as a result of the obsolescence, equipment availability will be threatened, the factors are:

26.2.1.5.1 Criticality point

This is the point in time at which availability of the equipment is threatened by lack of parts and/or spares.

26.2.1.5.2 Cost impact

This is determined by the expected costs that would be incurred to solve the problem if no action is taken until the time of occurrence of the obsolescence.

26.2.1.5.3 Prioritisation

Prioritise all current obsolescence risk by order of the point of criticality and in order of cost. The most critical will then need to be considered further for resolution of the specific problems.

26.2.1.6 For each obsolescence risk, it needs to be decided what technology option is to be adopted, the support which is to be provided, the contracting arrangements needed, the maintenance policy which is implied and the identification of any consequential risks.

26.2.1.7 Whatever techniques are chosen for managing obsolescence, solid configuration management and well-disciplined change control procedures must be employed in order to ensure that a correct picture is available of the current equipment situation and of all the configuration options which are available for implementation.

26.3 RENEWAL PLANNING

26.3.1 The asset renewal-planning phase involves the assessment of existing assets and planned acquisitions against Multi-Year Business plan requirements.

26.3.2 Proposals for new assets must be justified by a thorough evaluation of all business plan options.

26.3.3 The entity should develop business plan strategies which:

26.3.3.1 Define the scope, standard and level of programme services to be delivered.

26.3.3.2 Assess the methods of delivering these services.

26.3.3.3 Determine, where appropriate, methods of containing the demand for the services.

26.3.3.4 Identify the resources including assets, required to deliver the services. Service options need to be evaluated on financial, economic, social and environmental grounds.

26.3.4 The evaluation of existing assets determines whether their performance is adequate to support the selected service delivery strategy. This process presupposes that appropriate condition and performance standards are set for assets. Asset performance is to be reviewed regularly against best practice benchmarks to identify assets that are under-performing, or costly to own or operate.

26.3.5 The evaluation should reveal assets that provide more than their required capacity, or are surplus to requirements. Assets that have been inadequately maintained may pose potential safety or health risks, disrupt essential services, or incur unforeseen expenditure for the correction of defects. Replacement may be a possible option in this case.

26.3.6 All assets currently being used to deliver the service under consideration need to be identified and registered. How effectively these assets support service requirements also have to be determined. As part of this process, assets should be evaluated in terms of their:

26.3.6.1 Physical condition

Is the asset adequately maintained?

Are major replacements or refurbishments likely to be required during the planning period?

26.3.6.2 Functionality

How well suited is the asset to the activities and functions it supports?

26.3.6.3 Utilisation

How intensively is the asset used?

Could it be used more productively or accommodating additional functions?

26.3.6.4 Financial performance

Are the assets' operating costs similar to those for other comparable assets?

26.3.7 The assessment of existing assets must include those assets in the process of being acquired or that are committed. The result of evaluating existing and anticipated new assets is a list of assets available or expected to be available.

26.3.8 The planning process should match the prospective demand for assets with the current asset supply to develop the renewal strategy.

26.4 UNSERVICEABLE / OBSOLETE / REDUNDANT ITEMS

26.4.1 During stock take, the stocktaking team must ensure that the following actions are taken:

26.4.1.1 Check the quantity and condition of inventory items to establish whether it is considered to be in a reasonable state of serviceability.

26.4.1.2 Check for items that have been issued and are not being used.

26.4.1.3 Check whether issued items are being used for the purpose intended.

26.4.1.4 Check for unserviceable, repairable, obsolete or redundant items.

26.4.2 After completion of the stock take, a stocktaking report must be compiled and submitted to the supply chain manager. This will form the basis of the following lists:

26.4.2.1 Unserviceable items.

26.4.2.2 Obsolete items.

26.4.2.3 Redundant items.

26.5 DISPOSAL STRATEGY

26.5.1 Effective asset disposal frameworks incorporate consideration of alternatives for the disposal of surplus, obsolete, under-performing or unserviceable assets. Alternatives should be evaluated in cost-benefit terms.

- 26.5.2 A disposal strategy establishes the rationale for the anticipated time and method of and the expected proceeds on disposal. The strategy is reviewed and refined, if necessary, prior to disposal, to take account of the market and physical condition of the assets.
- 26.5.3 Under-utilised and under-performing assets are identified as part of a regular, systematic review process.
- 26.5.4 The reasons for under-utilisation or poor performance are critically examined and corrective action taken to remedy the situation or a disposal decision is made.
- 26.5.5 Analysis of disposal methods has regard to potential market values or other intrinsic values such as the location and volume of assets to be disposed of, the ability to support other programmes, environmental implications and regular evaluation of disposal performance.
- 26.5.6 Effective management of the disposal process will minimise holdings of surplus and under-performing assets and will maximise the return of such assets.

26.6 THE DISPOSAL DECISION

- 26.6.1 The disposal decision cannot be taken in isolation. Asset disposal decisions are to be made within an integrated, service and financial planning framework. While disposal is viewed as the final stage in asset management it is common for disposal action to trigger the acquisition of a new asset or a replacement asset.
- 26.6.2 The asset register is a starting point for this analysis as it records the useful lives of assets and is able to provide an indication of the timing of major replacements in the normal course of business.
- 26.6.3 Other important documents necessary to take a disposal decision are:
 - 26.6.3.1 The obsolescence plan.
 - 26.6.3.2 The renewal plan.
 - 26.6.3.3 The list of unserviceable items.
 - 26.6.3.4 The list of obsolete items.
 - 26.6.3.5 The list of redundant items.

26.6.4 The following policy guidelines are provided to help the entity to dispose of their assets in an accountable manner. The entity should:

26.6.4.1 Establish and maintain an asset information system, which records all relevant information on assets in disposal management.

26.6.4.2 Prepare and evaluate proper costing to support the selection of the most cost-effective disposal method.

26.6.4.3 Identify those areas most susceptible to fraud or risks and introduce appropriate preventive measures.

26.6.4.4 Identify and communicate the preferred arrangements for disposals to relevant staff.

26.6.4.5 Engage experts to develop the terms of contract and to assist in preparing the contract to minimise the exposure to risk.

26.6.4.6 Provide clear instructions to the official engaged to undertake the disposal.

26.6.4.7 Monitor and evaluate disposal performance regularly for achievement, fair dealing, cost-effective choice of disposal methods and for compliance with the entity's disposal policies and objectives.

26.7 ALTERNATIVES TO DISPOSAL

26.7.1 Where assets have been identified as under-performing or no longer functionally suited to programme delivery needs, thought should be given to the following possible alternatives to disposal:

26.7.1.1 A factor to consider is whether utilisation can be increased by adapting the asset to another function or using it in another programme.

26.7.1.2 Refurbishment or an upgrade of the asset may also be viable. The cost and benefit of such alternatives should be included in the disposal strategy.

26.8 DETERMINING METHODS OF DISPOSAL

26.8.1 The primary methods of disposal include sale by public auction or bidding, sale by private treaty, trade-in, write-off and letting.

26.8.2 Whatever method is chosen, it is important, not least for accountability and transparency, that a properly cost evaluation of relevant disposal option is prepared. This should take into account both the costs associated with each method of disposal and the likely benefits (including possible proceeds).

26.8.3 Before deciding on a particular disposal method, the following matters should be considered:

26.8.3.1 The nature of the asset.

26.8.3.2 Its potential market value.

26.8.3.3 Other intrinsic value of the asset.

26.8.3.4 Its location.

26.8.3.5 Its volume.

26.8.3.6 Its trade-in value.

26.8.3.7 Its ability to support other programmes.

26.8.3.8 Environmental considerations.

26.8.3.9 Market conditions.

26.8.3.10 The asset's lifetime.

26.8.4 Professional valuations play an important role in asset disposal. It can help managers to select the most appropriate selling method. It also helps to set realistic expectations for the sale. If it is required, valuations must be obtained from experienced agents who have knowledge of the type of asset(s) for sale and current market trends.

26.9 DISPOSAL OF CAPITAL ASSETS

- 26.9.1 The entity may not transfer ownership as a result of a sale or other transaction or otherwise permanent dispose of a capital asset needed to provide the minimum level of basic municipal services.
- 26.9.2 The entity may transfer ownership or otherwise disposal of a capital asset other than one mentioned above, only after the council of Mangaung Metro Municipality, in a meeting of the council open to the public:
- 26.9.2.1 Has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services.
- 26.9.2.2 Has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.
- 26.9.3 A decision by the board that a specific capital asset is not needed to provide the minimum level of basic municipal services, may not be reversed by the entity after that asset has been sold, transferred or otherwise disposed of.
- 26.9.4 Any transfer of ownership of a capital asset in terms of this policy must be fair, equitable, transparent, competitive and consistent with the supply chain management policy of the entity.
- 26.9.5 This section does not apply to the transfer of a capital asset to another entity or to a municipal entity or to a national or provincial organ of state in circumstances and in respect of categories of assets approved by the National Treasury, provided that such transfers are in accordance with a prescribed framework.

26.10 DISPOSAL OF IMMOVABLE PROPERTY

- 26.10.1 Immovable property may be sold only at market related prices except when the public interest or the plight of the poor demands otherwise.
- 26.10.2 Immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise.
- 26.10.3 All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed.

26.11 DISPOSAL OF FIREARMS

- 26.11.1 In the case of the disposal of firearms, the National Conventional Arms Control Committee has to approve any sale or donation of firearms to any person or institution within or outside the Republic.

26.12 DISPOSAL OF MOVABLE ASSETS

- 26.12.1 Transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets.
- 26.12.2 Transferring the asset to another organ of state at market related value or when appropriate, free of charge.
- 26.12.3 Movable assets may be sold to either by way of written price quotations, competitive bids and auction or at market related prices, whichever is the most advantageous to the entity. Bid documents must comply with the criteria prescribed in terms of the PPPFA (Act No 5 of 2000).
- 26.12.4 In cases where assets are traded in for other assets, the highest possible trade-in price is to be negotiated.

26.13 COMPUTER EQUIPMENT

- 26.13.1 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.

26.14 OTHER DISPOSAL MECHANISMS

- 26.14.1 Other appropriate ways of disposal may include:

26.14.1.1 Donations.

26.14.1.2 Auctioning the asset

26.14.1.3 Sale to staff.

26.14.1.4 Sell as scrap.

26.14.1.5 Recycling.

26.14.1.6 Cannibalisation.

26.14.1.7 Destroying such assets.

26.15 DISPOSAL REGISTER

26.15.1 All the steps in the disposal process must be recorded in the disposal register. The disposal manager keeps this register. Such a register must address the following aspects:

- a) Date on which disposal was requested.
- b) Sequence serial number of convening.
- c) Date of physical inspection by the Disposal Committee.
- d) Date that the disposal certificate was submitted to the Accounting Officer.
- e) The date on which confirmation was given by the Accounting Officer.
- f) Actual date of physical disposal of item in terms of confirmation instruction received.
- g) Date confirming that disposal instructions were adhered to.

26.16 GENERAL ISSUES

26.16.1 At the very least, a comparison of the actual timing and proceed on disposal should be made with the standard established for the class in the entity's accounting policies. This is a means of confirming that the useful life, estimated proceeds, and therefore the depreciation rates used are valid. It also provides the opportunity to identify causes where assets are routinely not meeting the service life expectations or their estimated proceeds on disposal.

26.16.2 In addition to undertaking the cost-benefit analysis of the methods of disposal, the Asset Manager is required to compare actual life at disposal with the expected useful life and to explain significant variations.

SECTION 27: REPORTING

27.1 GENERAL REPORTING OBLIGATION

27.1.1 The Accounting Officer shall inform Mangaung Metropolitan Municipality, in writing of:

27.1.1.1 Any failure by the board to approval or implement a supply chain management policy.

27.1.1.2 Any non-compliance by a board with this policy.

27.1.1.3 The Accounting Officer shall submit to Mangaung Metropolitan Municipality such information, returns, documents, explanations and motivations as may be prescribed or as may be required.

27.1.1.4 If the Accounting Officer is unable to comply with any of the responsibilities in terms of this Act, he or she must promptly report the inability, together with reasons, to the board.

27.2 INFORMATION TO BE PLACED ON WEBSITE

27.2.1 The Accounting Officer shall place on the website the following documents of the entity:

- a) All service delivery agreements.
- b) All supply chain management contracts above R30 000 (vat included).
- c) An information statement containing a list of assets over R30 000 (vat included) that has been disposed of during the previous quarter.
- d) Contract to which Subsection (1) of Section 33 of the Act apply, subject to Subsection (3) of that Section.

27.2.2 A document referred to in the paragraph above must be placed on the website not later than five days after its tabling to the board or on the date of which it must be made public, whichever occurs first.

27.3 MONTHLY REPORTING

27.3.1 The Accounting Officer shall report monthly to the board on the following aspects:

- a) Implementation of Supply Chain Management Policy.
- b) Awards of bids for more than R 100 00.00 (vat included) reported to National Treasury.
- c) Deviation processes followed, non-utilisation of provider list, salami slicing, maverick spend, getting less quotes than prescribed.
- d) Urgency/emergency procurement processes followed.
- e) Process disputes.
- f) Late bids admitted and approved.
- g) Instances of fraud or corruption.
- h) Value for money.
- i) Unsolicited bids considered.
- j) Approval of tenders not recommended.
- k) Percentages of total spending towards Preferential Points (HDI, SMME's, Local content etc)

27.3.2 The Accounting Officer must on a monthly basis report to the board on the management of contracts or agreements and the performance of the relevant contractors.

27.4 QUARTERLY REPORTING

27.4.1 The Accounting Officer shall within 10 days after the end of each quarter submit implementation reports on SCM for consideration by the board.

27.5 ANNUAL REPORTING

27.5.1 The Accounting Officer shall at least annually within 30 days of the end of each financial year submit reports on the implementation of the SCM policy to the board.

27.6 AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE

27.6.1 The notes to the annual financial statements must 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.
- c) The amount of the award.

SECTION 28: MONITORING AND CONTROL

28.1 INTERNAL MONITORING

- 28.1.1 The supply chain performance management shall 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.

28.2 ISSUES TO BE REVIEWED

- 28.2.1 Achievement of goals within the SCM framework, particularly those associated with the Preferential Procurement Policy Framework Act, the Multi-Year Business Plan and Broad-based Black Economic Empowerment Act and Strategy.
- 28.2.2 Compliance with norms and standards.
- 28.2.3 Savings generated.
- 28.2.4 Stores efficiency.
- 28.2.5 Cost variance per item.
- 28.2.6 Contract breach, etc.
- 28.2.7 Cost efficiency of procurement process (i.e. the cost of the process itself).
- 28.2.8 Whether supply chain objectives are consistent with Government's broader policy focus.
- 28.2.9 That the material construction standards become increasingly aligned with those standards that support international best practice.
- 28.2.10 That the principles of cooperative governance as expounded in the constitution are observed.

28.2.11 That the reduction of regional economic disparities is promoted.

28.2.12 At completion stage of each project, an assessment of the supplier/service provider (including consultants where applicable) be undertaken and that this assessment should be available for future reference. Accounting Officers should take cognisance of the fact that when suppliers do not perform according to their contractual obligations and the Accounting Officer does not address his/her in this regard during the execution of the contract, such non-performance cannot be deemed as sound reason for passing over the bid of such supplier when adjudicating future bids.

28.3 DIMENSIONS OF PERFORMANCE

28.3.1 Equity

28.3.1.1 Measures of equity would monitor the extent to which the entity has achieved and been able to maintain an equitable supply of comparable services across race groups, regions, and urban and rural areas. It would require the entity to undertake a benefit incidence analysis aimed at answering, ""Who benefits from the services being delivered? And where are the funds being spent and the services delivered?"

28.3.2 Efficiency

28.3.2.1 Measures of efficiency seek to reflect how productively resources are translated into service delivery. It is therefore measured by a ratio of output to input. The higher the numerical value of this ratio, the greater the efficiency.

28.3.3 Economy

28.3.3.1 Measures of economy look at the cost of inputs, and mode of production to evaluate whether it is cost-effective, i.e. the aim is to answer the question "Was this the cheapest way of producing the desired outputs?" These measures also only have meaning in a relative sense, which means the entity needs to either compare the actual cost of their outputs with budgeted costs, and explain variances or compare the cost of their outputs with the cost of similar outputs produced elsewhere, e.g. to other state institutions, provinces, in the private sector or in other countries.

28.3.4 Effectiveness

28.3.4.1 Indicators of effectiveness seek to reflect how well the outputs contribute to the achievement of the desired outcomes/objective/goals. Measuring effectiveness assumes a model of how outputs relate to the achievement of the desired outcomes.

28.3.5 Value for Money

28.3.5.1 Indicators of value for money explore people's perceptions on whether resources have been well used to impact upon specific outcomes. While indicators of value for money are subjective in nature, the methodology used to collect the information on people's perceptions is usually objective e.g. customer surveys or public opinion surveys.

28.3.5.2 Given these different dimensions of performance, the entity need to develop measurable objectives and related performance measures and targets that capture strategically important aspects of what they are doing or delivering so as to be able to monitor performance.

28.3.5.3 All performance measures and targets need to comply with the "carrot" criteria, i.e. they need to be:

Comparable	Information in a format that can be compared across time, region or institution.
Accessible	Clear, easily understood.
Relevant	Measures something meaningful from a management and oversight perspective.
Reliable	Free from error, unbiased, complete and can be replicated.
Operational	Relatively easy to collect data.
Timely	Must be readily available so it can be used for management and oversight.

28.4 MONITORING OF MUNICIPAL SUPPLY CHAIN MANAGEMENT

28.5 The Accounting Officer of the entity must within 30 days of the end of the financial year, submit a report on the implementation of the SCM policy of the entity, to the board.

28.6 Whenever there are serious and material problems in the implementation of the SCM policy, the Accounting Officer must immediately submit a report to the board.

SECTION 29: REVIEW AND APPROVAL

This policy and underlying strategies will be reviewed at least annually, or as necessary, to ensure its continued application and relevance.

Approved by the board of directors on _____:

Signed: _____

Chairperson of the Board

Date: _____