

NTINGA OR TAMBO DEVELOPMENT AGENCY



SOC LTD

Supply Chain Management Policy

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RESPONSIBLE MANAGER	Chief Financial Officer

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Notwithstanding the review date herein, this policy shall remain effective until such time approved otherwise by the Board and may be reviewed on an earlier date if necessary.

TOP TEN BASIC VALUES AND PRINCIPLES
(PUBLIC ADMINISTRATION)

Chapter 10, Section 195 of the Constitution of the Republic of South Africa
(Act No. 108 of 1996)

Public Service must be:

1. Governed by the democratic values and principles enshrined in the Constitution;
2. Maintaining and promoting a high standard of professional ethics;
3. Promoting efficient, economic and effective use of resources;
4. Orientated towards development;
5. Delivering services impartially, fairly, equitably and without bias;
6. Responding to people's needs and encouraging public participation;
7. Accountable for its actions;
8. Transparent by providing the public with timely, accessible and accurate information;
9. Cultivating good human resource management and career development practices to maximise human potential; and
10. Broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness and the need to redress the imbalances of the past.

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FOREWORD

In terms of the Municipal Finance Management Act (MFMA) Act No. 56 of 2003, each municipality and municipal entity must have and implement a supply chain management policy which gives effect to the provisions of this Part.

The supply chain management policy of the municipal entity must be fair, equitable, transparent, competitive and cost effective and comply with prescribed regulatory framework for municipal supply chain management.

MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

The board of directors of Ntinga O.R. Tambo Development Agency SOC Ltd (Ntinga) resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the following proposal as the Supply Chain Management Policy of Ntinga.

1. Desired Outcome:

1.1 The desired outcome of this Policy is to provide a mechanism to ensure sound, sustainable and accountable supply chain management within the OR Tambo Region whilst promoting black economic empowerment, which includes general principles for achieving the following socio-economic objectives:

- (a) to stimulate and promote local economic development in a targeted and focused manner;
- (b) to promote resource efficiency and reduce the negative impact of poverty through sound economic systems.
- (c) to facilitate creation of employment and business opportunities for

the people of region with particular reference to B-BBEE;

- (d) to promote the competitiveness of local businesses;
- (e) to increase the small business sector access, in general, to procurement business opportunities created by government;
- (f) to implement alternative Procurement systems as and processes, to enhance efficiency and service delivery.

2. Definitions

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

“Accounting officer”

- (a) in relation to a municipality, means the municipal official referred to in section 60 of the Act; or
- (b) in relation to a municipal entity, means the official of the entity referred to in section 93 of the Act,

and includes a person acting as the accounting officer.

“Acceptable Bid” means any bid which, in all respects, complies with the specifications and bid conditions. Also referred to as a “Responsive Bid”;

“Adjudication points” means the points for price and points for B-BBEE contribution referred to in the Preferential Procurement Regulations, 2011 and the Preferential Procurement section of this policy, also referred to as “evaluation points”

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

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

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

“B-BBEE” means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act, 2003, (Act 53 of 2003);

“B-BBEE status level of contributor” means the B-BBEE status of an entity in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;

“black designated groups” has the meaning assigned to it in the codes of good practice issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act; **“black people”** has the meaning assigned to it in section 1 of the Broad-Based Black Economic Empowerment Act;

“EME” means an exempted micro enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;

“proof of B-BBEE status level of contributor” means-

- (a) the B-BBEE status level certificate issued by an authorised body or person;
- (b) a sworn affidavit as prescribed by the B-BBEE Codes of Good Practice; or
- (c) any other requirement prescribed in terms of the Broad-Based

Black Economic Empowerment Act;

“QSE” means a qualifying small business enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;

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

“Bid” means a written offer in a prescribed or stipulated form in response to an invitation by the Agency for the provision of goods, services or construction works through price quotations, advertised competitive bidding processes or proposals;

Bidder” means any person submitting a competitive bid or a quotation;

“conflict of interest” this involves a public servant acting or failing to act on a matter where the public servant has an interest or another person or entity that stands in a relationship with the public servant has an interest. *Example:* A public servant considers bidders for a contract and awards the bid to a company of which his/her partner is a member of;

“Constitution” refers to the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996);

“delegation” is the process whereby a delegating authority authorises an agent or a delegated body to act on his behalf by transferring a set of rights to the agent for a specific period of time, and in relation to authority includes an instruction to exercise the duty, and *“delegate”* has a corresponding meaning;

“final award”, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept; **“formal written price quotation”** means quotations referred to in regulation 5(2);

“formal written price quotation” means quotations referred to in paragraph 13 (1) (c) of this Policy;

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

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

“Contractor” means any person or entity whose competitive bid or quotation has been accepted by municipal entity

“Contract” means the agreement which is concluded when the municipal entity accepts, in writing, a competitive bid or quotation submitted by a supplier;

“long term contract” means a contract with a duration period exceeding twelve months;

“list of accredited prospective providers” means the list of accredited prospective providers which Ntinga must keep in terms of paragraph 14 of this Policy;

“Ntinga” stands for Ntinga O.R. Tambo Development Agency SOC Ltd which is a Municipal Entity established in terms of section 86H of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 200) and section 84 of the Municipal Finance Management Act, 2003 (Act No. 56 of 3003), by the O.R. Tambo District Municipality which is a parent municipality;

“other applicable legislation” means any other legislation applicable to municipal supply chain management, including –

- (a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
and
- (c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);

“service provider” means a person or institution or any combination of persons and institutions which provide a service;

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

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

“the Regulations” means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

“written or verbal quotations” means quotations referred to in paragraph 12(1)(b) of this Policy.

“Bid” means a written offer in a prescribed or stipulated form in response to an invitation by the Municipality entity for the provision of goods, services or construction works through price quotations, advertised bidding processes or proposals;

“Bidder” means any person submitting a competitive bid or a quotation;

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

“Delegated Authority” means any person or committee delegated with authority by the municipality in terms of the provisions of the Municipality Finance Management Act;

“Department” means a section within a specific directorate in terms of entity’s organogram;

“End user department” means a department which initiates the process of acquisition management and also plays a very important role in the drafting of specification and will be responsible for the service level agreement. In most cases the end user will be a member of the bid specification committee.

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

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

- (a) the conditions warranting Emergency should include the existence of one or more of the following:
 - (i) the possibility of human injury or death;
 - (ii) the prevalence of human suffering or deprivation of rights;
 - (iii) the possibility of damage to property, or suffering and death of livestock and animals;
- (b) the interruption of essential services, including transportation and communication facilities or support services critical to the effective functioning of the municipal entity as a whole;
- (c) the possibility that failure to take necessary action may result in the municipal entity not being able to render an essential community service; and
- (d) the possibility of serious damage occurring to the natural environment or outbreak.
- (e) the possibility that the security of the entity and/or its employees could be compromised.
- (f) the prevailing situation, eminent danger should be of such a scale and nature that it could not be readily alleviated by interim measures, in order to allow for the formal procurement process. Emergency shall not be granted in respect of circumstances other than those contemplated above.

“Petty Cash” , means a small amount of cash kept on hand for incidental purchases of low value goods and services (i.e. postage, office supplies, reimbursement for out-of-pocket expenditures), which cannot be accommodated through other purchasing procedures. Petty cash may not be used for payroll payments, inventory, capital goods, entertainment expense, travel expenses and other personal obligations.

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

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

“Strip & quote”: When the repairs and maintenance on our machines, equipment or vehicles are done by one supplier and/or strip-and-quote, for example a municipal entity vehicle that needs repairs, , the vehicle has to be delivered to a supplier that determines what repairs should be done.

“PPPFA regulations”, means Preferential Procurement Policy Regulations, 2022 Published in Government Gazette 47452 of 4 November 2022.

“PPPFA” means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and includes the regulations thereto.

“Specific Goals” means specific goals as contemplated in section 2(1)(d) of the Act which may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender and disability including the implementation of programme’s of the Reconstruction and Development Programme as published in the Government Gazette No. 16085 dated 23 November 1994;

“Historically Disadvantaged Individual (HDI)” means a South African citizen – (1) who, due to the apartheid policy that had been in place, had no franchise in national elections prior to the introduction of the Constitution of the Republic of South Africa, 1983 (Act No 110 of 1983) or the Constitution of the Republic of South Africa, 1993 (Act No 200 of 1993) (“the Interim Constitution”); and / or (2) who is a female; and / or (3) who has a disability: Provided that a person who obtained South African citizenship on or after the coming to effect of the Interim Constitution, is deemed not to be an HDI;

“HDI Bidders/Companies” in the context of the policy refers to companies that are owned or controlled (51% stake or more) by historically disadvantaged South Africans.

“Small, Medium and Micro Enterprises (SMMEs)” bears the same meaning assigned to this expression in the National Small Business Act, 1996 (Act No 102 of 1996);

“Person” includes reference to a juristic person;

“Women” a juristic person who is a female;

“Youth” a juristic person aged between 18 to 34 years

“Rural” means as defined by the Census 1996: – Village/settlement/semi-town i.e., a town without a local authority and which is not situated within a tribal area and with formal and semi-formal dwellings such as houses, huts and rondavels.)

“Disability” means, in respect of a person, a permanent impairment of a physical, intellectual, or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner, or within the range, considered normal for a human being;

“Privileged or confidential information” means any information:

- (a) determined by the bid specification, evaluation or adjudication committee to be privileged or confidential;
- (b) discussed in close sessions by any of the bid committees;
- (c) disclosure of which would violate a person's right to privacy;
- (d) declared to be privileged, confidential or secret in terms of any legislative framework.

“Original equipment manufacturer (OEM)” means machinery or any equipment needing original parts for repairs and maintenance.

“Contingency” means the amount varying in accordance with the nature of the contract.

“Variation order” means unforeseen costs pertaining to uncertain circumstances that are part of projects .

Unsolicited Bid” means an offer submitted by any person at its own initiative without having been invited by the Entity to do so;

“Irregular expenditure” in relation to a municipal entity, means-

- (a) expenditure incurred by the municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA, and which has not been condoned in terms of section 170 thereof;
- (b) expenditure incurred by the municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) expenditure incurred by the municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the entity or any of the by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law.

“Unauthorized expenditure” in relation to the entity, means any expenditure incurred by the entity otherwise than in accordance with

Section 99 of the MFMA.

- (a) Overspending of the total amount appropriated in the municipality's approved budget;
- (b) Overspending of the total amount appropriated for a vote in approved budget;
- (c) Expenditure from a vote unrelated to the department of functional area covered by the vote;
- (d) Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- (e) Spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any condition of the allocation; or
- (f) A grant by the entity otherwise than in accordance with the MFMA.

"Fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

CHAPTER 1 PERIODIC REVIEWS AND APPLICABLE LEGISLATION

1.1 Periodic Review of this Policy

1.1.1 This policy shall be reviewed on a regular basis. Due to the dynamic and developing nature of local government, **twelve months** would be an acceptable review period for this policy

1.2 Relevant and Applicable Legislation (Standards, Acts, Policies, etc.)

1.2.1 This policy is to be read in conjunction with the other procurement related legislation including but not limited to the following:-

- a) Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

- b) Generally Recognised Accounting Practice;
- c) International Financial Reporting Standards;
- d) International Accounting Standards;
- e) National Treasury Regulations;
- f) Preferential Procurement Act
- g) DTI

CHAPTER 2

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Application of the policy

(1)

(1) Ntinga must, apply this Policy, to the extent determined by the parent municipality, in a way that is consistent with the supply chain management policy of the parent municipality.

(3) This Policy applies when Ntinga–

(a) procures goods or services;

(b) disposes goods no longer needed;

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

(4) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –

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

(b) electricity from Eskom or another public entity, another municipality or a municipal entity.

CHAPTER 3

SUPPLY CHAIN MANAGEMENT SYSTEM

9. Format of supply chain management system

This Policy provides following supply chain management systems –

(a) demand management;

(b) acquisition management;

(c) logistics management;

(d) disposal management;

- (e) risk management; and
- (f) performance management.

Part 1: Demand Management

10. System of demand management

(10.1) The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by Ntinga support its operational commitments and its strategic goals outlined in the strategic plan.

(10.2) The demand management system must –

- (a) include timely planning and management processes to ensure that all goods and services required by Ntinga are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
- (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and
- (c) provide for the compilation of the required specifications to ensure that its needs are met.
- (d) to undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

(10.3) Demand management lies at the beginning of the supply chain and the major activities associated with identifying demand are:

- (a) establishing requirements
- (b) determining needs (needs assessment); and
- (c) deciding on the appropriate procurement strategies.

10.4. Demand management accordingly shall involve the following activities:

- (a) understanding the end users future needs;
- (b) identifying critical delivery dates;
- (c) identifying the frequency of the need;
- (d) linking the required need to the budget;
- (e) conducting expenditure analysis based on past expenditure;

- to
- (f) determining requirements (including the internal capacity of the Agency implement),
 - (g) conducting commodity analyses in order to check for alternatives;
and
 - (h) conducting industry analysis.
- 10.5. Procurement plans regardless of the procurement ranges are crucial for the effective planning of resources and will be required from end user departments before the end of August every year.

Part 2: Acquisition Management

11. System of acquisition management

- (11.1) The accounting officer must implement the system of acquisition management set out in this Part in order to ensure –
- (a) that goods and services are procured by Ntinga in accordance with authorised processes only incorporated herein;
 - (b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
 - (c) that the threshold values for the different procurement processes are complied with;
 - (d) the market is accessed and a sourcing(procurement) strategy is determined, specification is compiled, bid documents are compiled, bids are advertised and solicited, responses are received, evaluated and assessed, and awarded by the accounting officer
 - (e) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation;
and
 - (f) that any Treasury guidelines on acquisition management are properly taken into account.
 - (g) That the SCM unit and bid committees will comply to the agreed turn-around times.
 - (h) the turn-around times will be reviewed annually

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

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

This acquisition management system contains the general conditions and procedures which are applicable, as amended from time to time, to all procurement, contracts, and orders for the Agency.

12. Range of procurement processes

(12.1) Goods and services, including construction works and consultancy services may only be procured by way of –

- (a) petty cash purchases, up to a transaction value of R1 - R2 000 (VAT included);
- (b) written or verbal quotations for procurements of a estimated transaction value over R2 001 up to R10 000 (VAT included);
- (c) formal written price quotations for procurements of a estimated transaction value over R10 001 up to R200 000 (VAT included);
- (d) a competitive bidding process for –
 - (i) procurements above an estimated transaction value of R200 001 (VAT included); and
 - (ii) the procurement of long term contracts (longer than 1 year which includes any defects liability period, if applicable).
 - (iii) term bids for the supply of goods and services or construction works that is of an ad-hoc or repetitive nature for a predetermined period of time.

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

13. General preconditions for consideration of written quotations or bids

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

(13.1) has furnished that provider's –

- (i) full name;
- (ii) identification number or company or other registration number; and
- (iii) tax reference number and VAT registration number, if any;
- (iv) for transactions above R30,000 a valid tax clearance pin obtained from the South African Revenue Services must be provided so that the provider's tax matters can be verified via Sars e-filing to be in order; and

(13.2) has indicated –

- (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
- (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
- (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (iv) is in the service of the state, or has been in the service of the state in the previous twelve months.

14. Lists of accredited prospective providers

(14.1) The accounting officer must –

- (14.1.1) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and

(14.1.2) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers is as follows;

(14.1.3) The listing criteria for prospective suppliers are:

- a. Name of the supplier/service provider;
- b. Street address;
- c. Postal address;
- d. Contact person in Sales Department;
- e. Sales Department's telephone number;
- f. Sales Department's fax number;
- g. Sales Department's cell number;
- h. Sales Department's email address;
- i. Contact person in Accounts Department;
- j. Accounts Department's telephone number;
- k. Accounts Departments fax number;
- l. Accounts Departments email address;
- m. Vat registration yes/no
- n. Vat registration number;
- o. Bank details;
- p. Type of industry;
- q. Valid certification of specialised services;
- r. Valid tax clearance certificate
- s. CIDB registration if applicable
- t. Valid certification in respect of Exempted Micro Enterprises or B-BBEE Status Level of Contributor.
- u. Relevant identification number of all members, directors and partners.

and

(d) Disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.

(14.2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.

(4.3) The list must be compiled per commodity and per type of service.

14.4) In addition to the requirements of the Agency's Supplier Database, it is a requirement for all suppliers to be registered on the National Treasury Web Based Central Supplier Database (CSD).

14.5 Prospective service providers shall be required to submit applications for registrations and amendments for listing on the CSD at any time to ensure compliance with relevant legislation and laws governing the state.

14.6 Bidders who are not registered on the CSD are not barred from submitting bids, but must however register when called upon to do so. Prospective suppliers must notify the Entity immediately upon receipt of their CSD reference number and registration summary report for this to be captured on to the Agency's Supplier Database.

15. Petty cash purchases

The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12.1a of this Policy, are as follows –

15.1 The corporate services manager may delegate responsibility for petty cash to an official reporting to the manager;

15.2 The amounts requested for petty cash per month for each unit may not exceed R15000 per month.

15.3 Transactions allowed from petty cash will not be permissible where such a transaction is entered into by the business unit to forgo the supply chain management process/s.

(15.4) a monthly reconciliation report approved by the corporate services manager must be provided to the chief financial officer, including –

- (i) the total amount of petty cash purchases for that month; and
- (ii) receipts and appropriate documents for each purchase.

(15.5) The special projects petty cash allocated shall be reconciled and approved by the respective manager in line with (15.4) above.

16. Written or verbal quotations

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

- (a) Quotations must be obtained from at least three different providers preferably from, but not limited to, service providers whose names appear on the list of accredited prospective providers of Ntinga, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14.1.3 a to u of this Policy;
- (b) to the extent feasible, providers must be requested to submit such quotations in writing;
- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;
- (d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- (e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

17. Formal written price quotations

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

- (a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of Ntinga;
- (b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
- (d) the accounting officer must record the names of the potential providers and their written quotations.

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

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

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

- (a) when using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
- (b) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of regulation 17, be advertised for at least seven working days on the website and/or an official notice board of the Ntinga;
- (c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;
- (d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation;
- (e) offers below R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;
- (f) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points based on price and specific goals as defined by the preferential procurement regulations of 2022. The Agency taken a decision to allocate points to the designated historically disadvantaged groups as follows; for bids where the 90/10 is applicable 1. Women; 2.5 points 2. Youth; 2.5 points 3. Rural 2.5 points and 3. Disabled People 2.5 points. Where 80/20 is applicable the points allocated are: 1. Women; 5 points 2. Youth; 5 points 3. Rural 5 points and 3. Disabled People 5 points.
- (g) Qualifying criteria will apply for entities/suppliers who hold a directorship of at least 51% per EME or QSE ownership;

- (h) proper records documenting the processes must be kept by the delegated official.
- (i) Procurements without a single written quotations after 4 days will be automatically uploaded on the company website to attract a wider audience.

19. Competitive bids

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

20. Process for competitive bidding

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

- (a) Compilation of bidding documentation as detailed in paragraph 21;
- (b) Public invitation of bids as detailed in paragraph 22;
- (c) Site meetings or briefing sessions as detailed in paragraph 22;
- (d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;
- (e) Evaluation of bids as detailed in paragraph 28;
- (f) Award of contracts as detailed in paragraph 29;
- (g) Administration of contracts;
- (i) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
- (h) Proper record keeping –
- (i) Original/legal copies of written contracts agreements should be kept in a secure place for reference purposes.

21. Bid documentation for competitive bids

The criteria to which bid documentation for a competitive bidding process must comply,

- (a) take into account –
 - (i) the general conditions of contract and any special conditions of contract, if specified;
 - (ii) any Treasury guidelines on bid documentation; and
 - (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- (b) include the preference points system to be used , goals as contemplated in the Preferential Procurement Framework Act of 2000 and Regulations of 2022 and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
 - (aa) for the past three years; or
 - (bb) since their establishment if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the

municipality or Ntinga is expected to be transferred out of the Republic; and

- (e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

22. Public invitation for competitive bids

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

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

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

22.3 Bids submitted must be sealed.

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

23. Procedure for handling, opening and recording of bids

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

- (a) Bids –

- (i) must be opened only in public;
 - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired..
 - (iii) received after the closing time should not be considered and returned unopened immediately.
- (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bid price;
- (c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
- (d) The accounting officer must –
- (i) record in a register all bids received in time;
 - (ii) make the register available for public inspection; and
 - (iii) publish the entries in the register and the bid results on the website.

24. Negotiations with preferred bidders

- (24.1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
- (a) does not allow any preferred bidder a second or unfair opportunity;
 - (b) is not to the detriment of any other bidder; and
 - (c) does not lead to a higher price than the bid as submitted.
- (24.2) Minutes of such negotiations must be kept for record purposes.

24.3 The Entity will keep and maintain a register of contracts of the entity. As a measure of performance the contracts and their performance will be presented at Extended Management Committee Meetings..

25. Two-stage bidding process

- (25.1) A two-stage bidding process is allowed for –
- (a) large complex projects;
 - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
 - (c) long term projects with a duration period exceeding (3)three years.

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

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

26. Committee system for competitive bids

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

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

(26.2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and

(26.3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.

(26.4) The committee system must be consistent with –

- (a) regulation 27, 28 and 29 of this Policy; and
- (b) any other applicable legislation.

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

27. Bid specification committee

(27.1) A bid specification committee must compile the specifications for each procurement of goods or services by the Ntinga.

(27.2) Specifications –

- (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
- (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognized by the South African National

Accreditation System with which the equipment or material or workmanship should comply;

- (c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
 - (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;
 - (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;
 - (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and
 - (g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.
- (27.3) A bid specification committee must be composed of one or more officials of Ntinga, at least one SCM official and preferably the manager responsible or an official from the end user department for the function involved, and may, when appropriate, include external stakeholders or advisors.
- (27.4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

28. Bid evaluation committee

- (28.1) A bid evaluation committee must be appointed annually by Accounting Officer and must:
- (a) evaluate bids in accordance with –
 - (i) the specifications for a specific procurement; and
 - (ii) the points system set out in terms of paragraph 27(2)(f).
 - (b) evaluate each bidder’s ability to execute the contract;
 - (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears,
 - (d) confirm whether in the employment of the state, and;

- (e) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.
- (28.2) A bid evaluation committee must as far as possible be composed of-
- (a) officials from departments requiring the goods or services; and
 - (b) at least one supply chain management practitioner of Ntinga.

29. Bid adjudication committee

General

- (29.1) The Agency shall not be obliged to accept any bid.
- (29.2) For goods and services bids, Ntinga shall have the right to accept the whole bid or part of a bid or any item or part of an item or accept more than one bid.
- (29.3) A bid adjudication committee must be appointed in writing annually and must:
- (a) consider the report and recommendations of the bid evaluation committee; and
 - (b) either –
 - (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
 - (ii) make another recommendation to the accounting officer on how to proceed with the relevant procurement.
 - (iii) A bid adjudication committee must consist of at least four senior managers of Ntinga which must include –
 - (a) the chief financial officer or, if the chief financial officer is not available, another manager in the financial reporting office reporting directly to the chief financial officer and designated by the chief financial officer; and
 - (b) at least one senior supply chain management practitioner who is an official of Ntinga; and
 - (c) a technical expert in the relevant field who is an official, if such an expert exists.
- (29.4) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are

present must elect one of them to preside at the meeting or the accounting officer may appoint a temporal chairperson.

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

(29.6) (a) If the bid adjudication committee decides to recommend to the accounting officer a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to recommending the bid –

(i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;

(ii) notify the accounting officer.

(b) The accounting officer may –

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

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

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

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

30. Procurement of banking services

(30.1) Subject to section 33 of the MFMA, any contract for the provision of banking services –

(a) must be procured through competitive bids;

(b) must be consistent with section 85 of the Act; and

(c) may not be for a period of more than five years at a time.

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

(30.3) The closure date for the submission of bids may not be less than 60

days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

31. Procurement of IT related goods or services

- (31.1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (31.2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (31.3) The accounting officer must notify SITA together with a motivation of the IT needs if –
 - (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
 - (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- (31.4) If SITA comments on the submission, and Ntinga disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the board of directors, the National Treasury, the relevant provincial treasury and the Auditor General.

32. Procurement of goods and services under contracts secured by other organs of state

- (32.1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –
 - (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
 - (b) there is no reason to believe that such contract was not validly procured;
 - (c) there are demonstrable discounts or benefits to do so; and
 - (d) that other organ of state and the provider have consented to such procurement in writing.
- (32.2) Subparagraphs (1)(c) and (d) do not apply if –
 - (a) Ntinga procures goods or services through a contract secured by its parent municipality; or

- (b) the parent municipality procures goods or services through a contract secured by Ntinga.

33 Procurement of goods necessitating special safety arrangements

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

34. Proudly SA Campaign

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

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

35. Appointment of consultants

- (35.1) 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.
- (35.2) Consultancy services must be procured through competitive bids if
 - (a) the value of the contract exceeds R200 000 (VAT included); or
 - (b) the duration period of the contract exceeds one year.
- (35.3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
 - (a) all consultancy services provided to an organ of state in the last five years; and
 - (b) any similar consultancy services provided to an organ of state in the last five years.
- (35.4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in Ntinga.

36. Deviation from, and ratification of minor breaches of, procurement processes

(36.1) The accounting officer may –

(a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –

(i) in an emergency;

(ii) if such goods or services are produced or available from a single provider only;

(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;

(i) acquisition of animals for zoos and/or nature and game reserves;

(or

(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes ; and

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

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

(36.3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in regulation 11(2).

37. Unsolicited bids

(37.1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.

- (37.2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –
- (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
 - (c) the person who made the bid is the sole provider of the product or service; and
 - (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- (37.3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –
- (a) reasons as to why the bid should not be open to other competitors;
 - (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
 - (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (37.4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.
- (37.5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
- (38.6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- (38.7) When considering the matter, the adjudication committee must take into account –
- (a) any comments submitted by the public; and
 - (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- (38.8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.

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

38. Combating of abuse of supply chain management system

(38.1) The accounting officer must–

- (a) take all reasonable steps to prevent abuse of the supply chain management system;
- (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
 - (i) take appropriate steps against such official or other role player; or
 - (ii) report any alleged criminal conduct to the South African Police Service;
- (c) check the National Treasury’s database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
- (d) reject any bid from a bidder–
 - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to Ntinga, or to any other municipality or municipal entity, are in arrears for more than three months; or
 - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with Ntinga or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
 - (iii) who has been put on hold for having failed to supply to the Agency any goods/services for a period not less than 6 months.
- (e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
- (f) cancel a contract awarded to a person if –

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

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

Part 3: Logistics, Disposal, Risk and Performance Management

39. Logistics management

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

- (a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- (b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- (d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and

specifications where applicable and that the price charged is as quoted in terms of a contract;

- (e) appropriate standards of internal control and management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- (f) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

40. **Disposal management**

(40.1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act, shall be compliance with the Ntinga's asset management policy.

(40.2) Assets may be disposed of by –

- (a) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
- (b) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
- (c) selling the asset; or
- (d) destroying the asset.
 - (iv) The accounting officer must ensure that –
 - (a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
 - (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
 - (c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
 - (d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;

- (e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- (f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- (g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

41. Risk management

- (41.1) The CEO must ensure that the Entity has and maintains an effective system of risk management for the identification, consideration and avoidance of potential risks in the SCM system.

Aspects of risk management must be allocated to the CFO, the SCM practitioners, the internal audit function and the Audit Committee, each of which shall ultimately be accountable to the CEO or the Board of Directors for the discharge of their responsibilities.

- (41.2) Risk management must include –

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

42. Performance management

The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.

- (42.1) Performance management shall accordingly be characterised by a monitoring process and retrospective analysis to determine whether:

- (a) value for money has been attained;

- (b) proper processes have been followed;
- (c) desired objectives have been achieved;
- (d) there is an opportunity to improve the process;
- (e) suppliers have been assessed and what that assessment is; and
- (f) there has been deviation from procedures and, if so, what the reasons for that deviation are.

42.2. The performance management system shall accordingly focus on, amongst others:

- (a) achievement of goals;
- (b) compliance to norms and standards;
- (c) savings generated;
- (d) cost variances per item;
- (e) non-compliance with contractual conditions and requirements; and

the cost efficiency of the procurement process itself.

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

(43.1) No award above R30 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service (SARS) to be in order.

(43.2) A valid tax clearance certificate from the South African Revenue Services stating that the bidders tax matters are in order and/or the bidder's SARS Tax Compliance Status PIN must be provided by the bidder in order for the Supply Chain Management Unit to verify whether the bidders tax matters are in order.

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

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

- (a) who is in the service of the state;

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

45. Awards to close family members of persons in the service of the state

The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2 000 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 Agency in which that person is in the service of the state; and
- (c) the amount of the award.

46. Ethical standards

(46.1) A code of ethical standards as set out in subparagraph (2) is hereby established for officials and other role players in the supply chain management system of Ntinga in order to promote –

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

(46.2) An official or other role player involved in the implementation of this Policy–

- (a) must treat all providers and potential providers equitably;
- (b) may not use his or her position for private gain or to improperly benefit another person;
- (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
- (d) notwithstanding subparagraph (2) (c), must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;

- (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, Ntinga;
 - (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
 - (g) must be scrupulous in his or her use of property belonging to Ntinga;
 - (h) must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
 - (i) must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
 - (i) any alleged fraud, corruption, favouritism or unfair conduct;
 - (ii) any alleged contravention of paragraph 47(1) of this Policy; or
 - (iii) any alleged breach of this code of ethical standards.
- (46.3) Declarations in terms of subparagraphs (2)(d) and (e) -
- (a) must be recorded in a register which the accounting officer must keep for this purpose;
 - (b) by the accounting officer must be made to the board of directors of Ntinga who must ensure that such declarations are recorded in the register.
- (46.4) The National Treasury's code of conduct must also be taken into account by supply chain management practitioners and other role players involved in supply chain management.
- (46.5) A breach of the code of ethics must be dealt with as follows -
- (a) in the case of an employee, in terms of the disciplinary procedures of Ntinga envisaged in section 67(1)(h) of the Municipal Systems Act;
 - (b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
 - (c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

47. Inducements, rewards, gifts and favors to Ntinga, its officials and other role players

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

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

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

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

48. Sponsorships

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

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

49. Objections and complaints

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

50. Resolution of disputes, objections, complaints and queries

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

- (a) to assist in the resolution of disputes between Ntinga and other persons regarding -
 - (i) any decisions or actions taken in the implementation of the supply chain management system; or
 - (ii) any matter arising from a contract awarded in the course of the supply chain management system; or
 - (b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- (50.2) 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.
- (50.3) The person appointed must –
- (a) strive to resolve promptly all disputes, objections, complaints or queries received; and
 - (b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.
- (50.4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if –
- (a) the dispute, objection, complaint or query is not resolved within 60 days; or
 - (b) no response is forthcoming within 60 days.
- (50.5) 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.
- (50.6) This paragraph must not be read as affecting a person's rights to approach a court at any time.
- (50.7) Advance payments in respect of specific plant or materials may, where justified in accordance with recommendation from the SCM from time to time, be made to a supplier/contractor upon submission by the supplier/contractor of an acceptable advance payment guarantee to the Agency.
- (50.8) Advance payments may not be used as a mechanism for providing a supplier/contractor with an interest free loan for working capital.

51. Contracts providing for compensation based on turnover

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

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

52. Dispute Resolution

Internal dispute resolution processes must be followed in the event of any grievances and disputes arising out of the implementation of this policy.

53. POLICY REVIEW

This policy will be reviewed annually from its effective date to determine its effectiveness and appropriateness. This policy may be assessed before that time as necessary to reflect substantial organizational changes at the Entity or any change required by law.

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