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CHAPTER 1

1. DEFINITIONS

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

“Accounting Officer”	Means the municipal official who is the managing Director of the JPC
“Agent”	Means an appointed person or a firm by the JPC who is authorized to act on behalf of the JPC
“Board of Directors”	Means the Board of Directors of the JPC
“Broad Based Black Economic Empowerment (BBBEE)”	Means the economic empowerment of all black people living in rural areas through diverse but integrated socio-economic strategies that include, but not limited to- (a) Increasing the number of black people that manage, own and control enterprises and productive assets; (b) Facilitating ownership and management of enterprises productive assets by communities, workers, cooperative and other collective enterprises (c) Human resource and skills development (d) Achieving equitable representation in all occupational categories and levels in the workforce (e) Preferential procurement; and (f) Investment in enterprise that are owned or managed by black people
“CIDB”	Means the Construction Industry Development Board Act, 2000 (Act No 38 of 2000)
“Competitive	Means a bid in terms of a competitive bidding process;

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bid”	
“Competitive bidding process”	Means a competitive bidding process referred to in paragraph 19.3 of this Policy;
“Consultant”	A person who is employed to render professional services or advice to the JPC
“Contract Duration”	Means the contract period as stipulated in the agreement between the two parties
“Delegation”	In relation to a duly, includes an instruction or request to perform or to assist in performing the duty
“Deviation”	Means deviating from procurement processes
“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 paragraph 19.2 of this policy;
“Fruitless and wasteful expenditure”	Means expenditure that was made in vain and would have been avoided had reasonable care been taken;
“Fruitless and wasteful expenditure”	Means expenditure that was made in vain and would have been avoided had reasonable care been exercised
“Heads of Departments”	Means any Executive Manager of the JPC, including any Manager who reports directly to the Managing Director;
“In the service of the state”	Means: a) an employee of any municipality who has a performance contract with the municipality and is employed on a permanent, temporary or short term basis; b) an employee or public servant of any national or provincial government as defined in terms of Public Services Act; c) a member who –

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	<ul style="list-style-type: none"> i. is a councilor of any municipal council as defined in the Local Government Municipal Structures Act (Act No 117 of 1998); ii. is a politician serving in any provincial legislature; or iii. is a politician serving in the National Assembly or the National Council of Provinces; d) a member of the board of directors of any municipal entity; e) an employee and a member of a government owned entity as defined in the Public Finance Management Act (Act No 1 of 1999); and/or f) such other meaning ascribed to it by National Legislation from time to time.
<p>“Irregular expenditure”</p>	<p>In relation to a municipality or municipal entity means-</p> <ul style="list-style-type: none"> a) Expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170 b) Expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the municipal System Act, and which has not been condoned in terms of that Act; c) Expenditure incurred by a municipal in contravention of, or that is not in accordance with, a requirement of the public office-bearers Act, 1998 (Act 20 of 1998) d) Expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Supply Chain Management policy of the municipality’s by laws giving effect to such policy, and which has not been condoned in terms of such policy or by law.
<p>“JPC”</p>	<p>Means the City of Joburg Property Company (Pty) Ltd, a company duly registered in terms of the laws of South Africa, with</p>

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	registration number 2000/017142/07, the JPC is furthermore wholly owned by the City of Johannesburg Metropolitan Municipality and is classified as a Municipal Entity in terms of the Act.
“Long term contract”	Means a contract with a duration period exceeding three years.
“Managing Director”	Means an official appointed by the board of directors in conjunction with the council of COJ, acting as the accounting officer of the JPC.
“Municipal Finance Management Act (MFMA)”	Means the local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)
“MOE”	Municipal Owned Entity
“Municipal Service”	Means a service that the JPC, in terms of its powers and functions, provides or may provide to or for the benefit of the local community irrespective of whether- <ul style="list-style-type: none"> a) Such a service is provided or to be provided by the JPC through an internal or an external mechanism, as contemplated in section 76 of the System Act b) Fees, charges or tariffs are levied in respect of such a service or not.
“Negotiations”	Shall mean a dialogue intended to resolve disputes to produce an agreement upon courses of action. The company can engage into cost, terms of reference negotiations and other materials emanated from the request made to SCM.
“Other applicable legislation”	Means any other legislation applicable to Municipal Supply Chain Management, including, but not limited to:– <ul style="list-style-type: none"> i. the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000); ii. the Broad-Based Black Economic Empowerment

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	<p>Act, 2003 (Act No. 53 of 2003); and</p> <p>iii. the Construction Industry Development Board Act, 2000 (Act No.38 of 2000).</p>
“Preferential Procurement Policy Framework Act (PPPFA)”	The preferential procurement policy framework Act (PPPFA) and its 2001 regulations, set a framework within which persons disadvantaged by unfair discrimination must be advanced once an organ of state has decided to implement a policy of preferential procurement.
“Procurement Officials”	Means officials of the JPC with the relevant delegations in terms of this policy.
“Prospective Service Provider”	Means the list of accredited prospective providers which a municipality or municipal entity must keep in terms of regulation 14.
“Proudly South African”	Means the extent the municipality or municipal entity supports the Proudly South African Campaign.
“Redundant”	Means goods or services that are no longer needed by the JPC
“Regulation”	Means the Municipal Supply Chain Management Regulations promulgated in terms of the Local Government: Municipal Finance Management Act, 2003.
“Service Level Agreement”	Service level agreement is the document, which defines the relationship between two parties, namely the contractor and the JPC and spells out services and activities to be executed, due dates and turnaround times.
“Service provider”	<p>a) In relation to a municipal service, means a private sector party or an organ of state appointed by JPC in terms of Chapter 8 of the systems Act to perform a municipal service.</p> <p>b) In relation to a commercial service, means a private sector party or organ of state appointed in terms of the Supply Chain Management policy of the JPC to render a commercial service to or for the JPC as an independent</p>

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	contractor.
“Sole supplier”	Means sole supplier as referred to in paragraph 19.5 of this policy
“Supply Chain Management Code of Conduct”	Means the National Treasury’s Code of Conduct for Supply Chain Management Practitioners and other Role Players, as amended by the City, a copy of which is attached to this Policy as Annexure A to this Policy.
“Supply Chain Management policy”	Means the Supply Chain Management policy which the JPC is required to have in terms of the MFMA.
“Supply Chain Management”	Means systems approach to manage the entire flow of goods and services that will create and optimize value for customer in the form of products and services which specifically at satisfying customer demands.
“Systems Act”	Means the local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998)
“Systems Act”	Means the Local Government: Municipal Systems Act No 32 of 2000, as amended.
“The Act”	Means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).
“The City”	Means the City of Johannesburg Metropolitan Municipality, a metropolitan municipality duly established by virtue of Provincial Notice 6766 dated 1 October 2000.
“The/this Policy”	Means the Supply Chain Management Policy adopted by the JPC in terms of Section 111 of the Act, as amended from time to time.
“Total Cost of Ownership”	Means the sum of direct spend, related spend, process spend and opportunity cost associated within a specific goods and services.
“Treasury guidelines”	Means any guidelines on Supply Chain Management issued by the Minister in terms of section 168 of the Act.
“Two-stage”	Means two stage bidding process referred to in paragraph 19.3.2



bidding”	of this policy.
“Unsolicited bid”	Means bids as defined in paragraph 19.6 (1) of this policy
“Value for Money”	Means the best available outcome when all relevant costs and benefits over the procurement cycle are considered.

CHAPTER 2

ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. PURPOSE OF THE POLICY

The purpose of this policy is to regulate all Supply Chain Management practices within the JPC. This policy implements the Supply Chain Management practices as envisaged by the Act and its Regulations. All employees must adhere, implement and observe provisions and requirements of this policy.

3. EFFECTIVE DATE

This policy is effective from the date of adoption thereof by the City of Joburg Property Company.

4. PRINCIPLES ASCRIBED TO IN THIS POLICY

This Policy ascribes to the following principles-

- (a) A procurement system which is fair, equitable, transparent, competitive and cost effective in terms of Section 217 of the Constitution of South Africa No 108 of 1996;
- (b) As enshrined in Chapter 11 of the Act and its Regulations;
- (c) Best practices in Supply Chain Management;
- (d) Uniformity in Supply Chain Management systems between organs of state in all spheres;
- (e) Broad Based Black Economic Empowerment;

5. JPC'S COMMITMENT

The JPC management, individually and collectively, is committed to:

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- (a) The implementation and full compliance of Supply Chain Management policies and practices as envisaged by the Act and its Regulations.
- (b) Fair, equitable, transparent and competitive Supply Chain Management practices and processes. To this extent, the JPC will accord all, a fair administrative process whenever procuring or disposing of goods and services.
- (c) Sourcing goods and services at competitive market prices taking into account the Total Cost of Ownership (TCO) concept and value adding principles;
- (d) Enhancing healthy and mutually beneficial relationships with suppliers of goods and services and user departments and regions, based on integrity, honesty, professionalism and ethics.
- (e) Utilization of the City's buying power as leverage to ensure effective implementation of Broad Based Black Economic Empowerment objectives.
- (f) Enhance the JPC's viability and competitiveness through effective and efficient Supply Chain practices and systems.
- (g) Economic development of local communities, Small Medium and Micro enterprises, women-owned enterprises, youth-owned and disabled-owned enterprises within the area of jurisdiction of the JPC.
- (h) The high ethical business practices and conduct, and expects the same of suppliers doing business with the JPC. The Code of Conduct for Supply Chain Management Practitioners and Other Role Players' is attached as Annexure A.
- (i) Confidential treatment of all information received and held within.
- (j) Objectives and provisions of the Competitions Act and demands of all suppliers full compliance thereto.
- (k) The principles and provisions contained in the Promotion of Access to Information Act.
- (l) The JPC fully supports the Proudly South African Campaign and will as far as practical seek to award business to service providers with high local content in their products and services.

6. APPLICABILITY OF THIS POLICY

This Policy is applicable to the entire JPC and must be strictly adhered to when:-

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- (a) procuring goods or services;
- (b) disposing of redundant goods; and
- (c) selecting service providers other than in circumstances where Chapter 8 of the Systems Act applies.

The above do not apply when procuring goods and services from State Departments, public entities and other organs of State.

7. ADOPTION AND AMENDMENT OF THE SUPPLY CHAIN MANAGEMENT POLICY

- (1) The Accounting Officer, through the JPC Board of Directors must annually review the implementation of this Policy.
- (2) The Accounting Officer must submit a policy or subsequent amendments to the JPC board. Such policy or subsequent amendments must be in line with the model policy and regulations as compiled by National Treasury. Deviations from the model policy or regulations are to be reported to National and Provincial Treasury.
- (3) When amending this Policy, the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres must be taken into account.
- (4) The Accounting Officer shall in terms of section 62 (1) (f) (iv) of the Act, take all reasonable steps to ensure that the JPC implements this Policy.

8. OVERSIGHT ROLE OF THE JPC BOARD OF DIRECTORS

The JPC Board has and must maintain an oversight role over the implementation of this Policy.

9. DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES

- (1) The JPC Board hereby delegates the following powers and duties to the Managing Director, as the accounting officer –

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- (a) to discharge the Supply Chain Management responsibilities conferred on Managing Director in terms of:-
 - (i) Chapter 8, 10 and 11 of the Act;
 - (ii) The Supply Chain Management Policy of the JPC;
- (b) to maximise administrative and operational efficiency in the implementation of the Policy;
- (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of the Policy.

10. SUB DELEGATIONS

The Managing Director in terms of section 106 of the Act and Regulation 5 hereby sub-delegates, all Supply Chain Management powers and duties assigned to the Managing Director (as accounting officer) in terms of this Act, to maximize administrative and operational efficiency and provide adequate checks and balances in financial administration in terms of Supply Chain Management: -

- (a) To the Manager Supply Chain Management Unit of the JPC for implementation of Supply Chain Management responsibilities and activities in terms of the Act and its Regulations.
- (b) To the Adjudication Committee (Supply Chain Management Adjudication Committee for goods and services) the power to make final awards as follows:

Adjudication Committee

No.	Committee	Chairperson	Value
1.	Adjudication Committee	Managing Director	> R10 million VAT Inclusive
2.	Adjudication Committee	Managing Director or nominated Executive Manager(s)	> R 5 m to R10 million VAT Inclusive for the contract / project duration

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3.	Adjudication Committee	Executive Manager(s)	R200 000< R5 m VAT Inclusive, for the contract / project duration.
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Written Price quotations from R10 000 to R200 000

- (a) To the Manager or Department head: Supply Chain Management authority to make final awards of written quotations or bids from R10 000 to R200 000 inclusive of VAT.
- (b) To Departmental Heads/Managers authority to make final awards of purchases or transactions from R2000 up to R10 000 inclusive of VAT
- (c) The Adjudication Committees, which solely are composed of the JPC employees, shall make decisions in accordance with their Terms of Reference. No advisor or consultant will have decision-making powers to make final awards on behalf of the JPC.

11. REPORTING REQUIREMENTS

11.1.1. Reporting by the Accounting Officer to the Audit and Risk Committee and the JPC Board

The Accounting Officer must submit the following reports to the Board:

- (a) Consolidated progress report on the implementation of this Policy within 10 days of the end of each quarter and 20 days of the end of each financial year including
 - (i) The amount of the award;
 - (ii) The name of the person to whom the award was made;
 - (iii) The reason why the award was made to that service provider; and
 - (iv) Details of the actual spend versus the spend for the month
- (b) Report on awards of unsolicited bids quarterly;

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- (c) Report on all awards to close family members or persons in the service of the State or has been in the service of the State in the previous 12 months such reports must be submitted quarterly;
- (d) Report on any abuses found and the remedial actions taken on quarterly basis,
- (e) Report of all declarations made and gifts received by employees on quarterly basis.
- (f) Report on services procured from another organ of state on quarterly basis; and
- (g) Report all deviations in the implementation of this Policy and any remedial action taken or envisaged;

11.1.2 Reporting by the Manager or Department Head: Supply Chain Management to the Accounting Officer: JPC and the Executive Management Team

The Manager/Department head: Supply Chain Management must submit the following reports to the JPC Managing Director and the Executive Management Team:–

- (a) Report on Final awards made by Adjudication Committees Team within 5 days of the end of each month;
- (b) Report to the relevant Heads of Departments on non-compliance, deviations and remedial action proposed or taken;
- (c) Report to the CIDB on construction projects awarded;
- (d) Report on the operations of the Supply Chain Management Unit on a monthly basis;
- (e) Report containing particulars of each final award made by Heads of Department or Adjudication Committees during that month within 5 days of the end of each month, including:–
 - (i) the amount of the award;
 - (ii) the name of the person to whom the award was made;
 - (iii) the reason why the award was made to that person; and
 - (iv) details of the acquisition plan versus the spend for the month

11.1.3 Reporting by the JPC Managing Director to the COJ Council

The JPC must submit the following reports to the Council-

- (a) Report on all purchases paid for in foreign currency;
- (b) Report on contracts and/or transaction to the value of R100 million and above inclusive of VAT;
- (c) Report on a supplier or official that has abused the Supply Chain Management system and has been found guilty of improper conduct;
- (d) Report on awards of unsolicited bids;
- (e) Report on any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is:-
 - (i) a provider or prospective provider of goods or services;
 - (ii) a recipient or prospective recipient of goods disposed or to be disposed.
- (f) Report on any service provider that has been found guilty of inducing or bribing JPC employees for the award of business;
- (g) Report on all awards of more than R2 000 to a close family member of persons in the service of the state or has been in the service of the state in the previous 12 months;
- (h) Report on abuses of Supply Chain Management and the remedial steps taken; and
- (i) Report on contracts awarded that have a duration that extends beyond three (3) years.

11.1.3 Publication of the reports-

The reports of the Adjudication Committee shall be made available to the public in accordance with section 21A of the Municipal System Act.

12. APPROVAL AND MAINTENANCE

- (1) Amendments to this Policy shall be presented to and approved by the JPC board.

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- (2) This Policy will be subject to a periodic review, every two (2) years or more frequently if required, to ensure that it remains relevant to changed circumstances.

13. SUPPLY CHAIN MANAGEMENT UNIT

- (1) A Supply Chain Management is hereby established to implement this policy.
- (2) The Supply Chain Management unit operates under the direct supervision of the Chief Financial Officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

14. TRAINING OF SUPPLY CHAIN MANAGEMENT EMPLOYEES

- (1) The training of officials involved in implementing this Policy will be in accordance with any applicable National Treasury guidelines on Supply Chain Management training, South African Qualification Act, Skills Development Act and best practices.

15. PERFORMANCE MANAGEMENT

- (1) Compliance to this policy will form an integral part of the JPC's performance measurement system for all employees.
- (2) On a yearly basis, Supply Chain Management Unit objectives will be set and measured as per the City's Integrated Development Plan and the JPC's objectives.
- (3) The JPC will ensure that Supply Chain Management practices are audited at least on a yearly basis.

CHAPTER 3

FORMAT OF SUPPLY CHAIN MANAGEMENT

16. SUPPLY CHAIN MANAGEMENT SYSTEMS

- (1) This Policy provides systems for –
- (a) demand management;
 - (b) acquisition management;
 - (c) logistics management;
 - (d) disposal management;
 - (e) risk management; and
 - (f) performance management.

PART 1:

DEMAND MANAGEMENT

17. DEMAND MANAGEMENT

- (1) To implement an effective and efficient Supply Chain Management system to ensure that the JPC ascribes to the following principles of demand management:-
- (a) Consolidation of the JPC's requirements through Supply Chain Management Unit to maximize economies of scale. To this extent all requirements must be processed through Supply Chain Management Unit;
 - (b) Clearly articulated requirements and specifications that meet the needs and expectations of multiple users. The specifications shall be unbiased, functional and not brand specific;
 - (c) Acquisition of all goods and services required must be outlined in terms of the Integrated Development Plan, quantified on monthly or quarterly basis in line with an approved business plan;
 - (d) Similar requirements will necessitate one contract;

- (e) Where necessary at the discretion of the relevant Head of Department, Industry Analysis and Research should be undertaken to ensure best value for money.

PART 2:

ACQUISITION MANAGEMENT

18. SYSTEM OF ACQUISITION MANAGEMENT

- (1) The JPC shall only proceed with the acquisition of goods and services for which there is an approved budget. The onus will be on the relevant Head of Department to ensure that funds are available and the requirement is valid. All procurement of goods and services will be measured against approved acquisition plans. For any unplanned needs, permission shall be sought from the respective Heads of Departments.
- (2) The JPC's acquisition management will ensure:
- (a) that goods and services are procured by the JPC in accordance with authorised processes only;
 - (b) that expenditure on goods and services is incurred in terms of an approved budget;
 - (c) that the threshold values for the different procurement mechanisms as contained in 19 below are complied with;
 - (d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
 - (e) that any National Treasury guidelines on acquisition management are properly taken into account.
- (3) This Policy, except where otherwise provide for herein, 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) including but not limited to electricity from Eskom or another public entity, another municipality or a municipal entity.

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- (4) The following information will be made public whenever goods or services contemplated in section 110 (2) of the Act are procured other than through the Supply Chain Management system -
- the kind of goods or services; and
 - the name of the supplier.

19. PROCUREMENT

19.1 MECHANISMS

- (1) The JPC shall adhere to principles of fair, equitable and transparent procurement system whenever sourcing goods and services from the market. To ensure attainment of this critical requirement the following procurement mechanisms are prescribed when procuring goods and services on behalf of the JPC.

MECHANISM	Authority	TOTAL TRANSACTION VALUE
Petty Cash Purchases	Head of Departments	R nil to R2 000 VAT Inclusive
Written Quotation	Supply Chain Manager and the Head of the user department	R2000 to R200 000 VAT Inclusive
Written Quotation	Head of the department	>R10 000 to <_ R200 000 VAT Inclusive
Competitive Bidding/Tender	Adjudication Committee	> R200 000 – VAT Inclusive
Negotiations	See Below	Any Value
Sole Suppliers	See Below	Any Value
Unsolicited Bidding	See Below	Any Value

19.2 GENERAL CONDITIONS APPLICABLE TO THE PROCUREMENT MECHANISM AND BIDS

The JPC will only consider signed and written bids or submissions (for the JPC list of accredited Suppliers) that comply with the following requirements

- (a) Full name;
- (b) Identification number and VAT registration number
- (c) Tax reference number and VAT registration number
- (d) A valid original Tax statements from the municipality where the bidder or potential supplier resides
- (e) Up to date Rates and Taxes statements from the municipality where the bidder or potential supplier resides
- (f) In relation to the bids, a binding quotation
- (g) In relation to the submission for the list of accredited suppliers and undertaking to do business with JPC on the terms and conditions supplied
- (h) A declaration form signed under oath stating
 - 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;
 - If the bidder or potential supplier is not a natural person, whether any of its directors, managers or principal shareholders are in the service of the state, or has been in the service of the state in the previous twelve months; or
 - Whether the bidder or potential supplier is a spouse, child or parent of a person in the service of the state or municipal owned Entity or a director, manager, shareholder in the service of the state or a municipal owned entity.

19.3 PETTY CASH PURCHASES

- (1) In certain cases it is not possible or economically viable to procure goods and services through written quotation or competitive bidding processes. This situation will arise where the total costs of engaging in written quotation or competitive bidding far outweighs the value of the item(s) or services been sought. This situation is envisaged for items or services below R2 000 VAT inclusive only. The R2 000 (VAT inclusive) should be the

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total value of all of the JPC's requirements for a particular item or service for the entire financial year or the requirements must be so incidental that it is not viable/feasible for the JPC to establish a contract or keep stock.

- (2) This mechanism might also be utilized in an emergency situation where the total value of the goods or service is below R2 000 subject to the authorized process being followed.
- (3) Only Heads of Departments may authorize petty cash for processing.

19.4 WRITTEN QUOTATIONS (>R2000 TO <- R10 000 VAT INCLUSIVE)

- (1) To ensure that transparent and equitable objectives are adhered to at all times when procuring different goods and services, the JPC shall use the written quotation mechanism when:-
 - (a) The total value of goods and services is more than R2 000 but below or equal R10 000 inclusive of VAT. These thresholds apply to the yearly-consolidated requirements of the City;
 - (b) For this mechanism, the JPC may only obtain quotations from accredited suppliers registered on its Data-base. Only when there are no technically suitable suppliers on the data-base will the City use suppliers not registered.
- (2) The quotations must be obtained in writing from at least three different suppliers. As far as possible all suppliers must be afforded an opportunity to quote on a rotational basis.
- (3) The relevant manager shall make the final decision on which supplier will be used after considering the written quotes.
- (4) Should it not be possible to obtain three quotations, the reasons must be recorded and supported by the Manager Supply Chain Management or the Head of Department as per the delegated authority.

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- (5) If there are frequent requirements, which the amount per transaction is less than or equal to R10 000 per user, such requirements must be consolidated and a contract be established through competitive bidding process.
- (6) Splitting of requirements with the sole intention of circumventing any of the procurement mechanism listed is not allowed.
- (7) Should the supplier not be on the JPC list of accredited suppliers all information as per clause 19.2 must be provided.
- (8) All quotations must contain the following information:
 - Full name
 - Identification number or registration number of the entity
 - Tax reference number and VAT registration number
 - Physical address
 - Bank account details

19.5 WRITTEN QUOTATIONS (>R10 000 TO <- R200 000 VAT INCLUSIVE)

- (1) To ensure that transparent and equitable objectives are adhered to at all times when procuring different goods and services, the JPC shall use the written quotation mechanism when:-
 - (a) The total value of goods and services is more than R10 000 but below or equal R200 000 inclusive of VAT. These thresholds apply to the yearly-consolidated requirements of the JPC;
 - (b) For this mechanism, the JPC may only obtain quotations from accredited suppliers registered on its Data-base. Only when there are no technically suitable suppliers on the data-base will the JPC use suppliers not registered in their data but will first check from the data base another MOE or parent municipality data base. If no supplier found from another MOE the report must be drawn.

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- (2) The quotations must be obtained in writing from at least three different suppliers. As far as possible all suppliers must be afforded an opportunity to quote on a rotational basis.
- (3) The relevant and delegated manager shall make the final decision on which supplier will be used after considering the written quotes
- (4) Should it not be possible to obtain three quotations, the reasons must be recorded and supported by the Manager Supply Chain Management or the Head of Department as per delegated authority.
- (5) If there are frequent requirements, which the amount per transaction is less than or equal to R200 000 per user, such requirements must be consolidated and a contract be established through competitive bidding process.
- (6) Splitting of requirements with the sole intention of circumventing any of the procurement mechanism listed is not allowed.
- (7) Should the supplier not be on the JPC list of accredited suppliers all information as per clause 19.2 must be provided.
- (8) All quotations must contain the following information:
 - Full name
 - Identification number or registration number of the entity
 - Tax reference number and VAT registration number
 - Physical address
 - Bank account details

19.6 COMPETITIVE BIDDING PROCESS

19.6.1 SINGLE STAGE COMPETITIVE BIDDING PROCESS

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- (1) To ensure transparency and equitability when procuring goods and services, the JPC shall use competitive bidding when-
 - (a) Procuring goods or services above value of R200 000 (VAT inclusive).
 - (b) Procuring goods and services requiring long-term contracts.
- (2) Services classified as essential shall only be procured through competitive bidding process.
- (3) Competitive bidding will be handled procedural.
- (4) Splitting of requirements with the sole intention of circumventing any of the procurement mechanisms listed in this policy will not be allowed.

19.6.2 TWO-STAGE COMPETITIVE BIDDING PROCESS

- (1) A two-stage bidding process is allowed when:-
 - (a) the requirements are not easily determinable and it is ideal to engage the market in firming up the requirements;
 - (b) Long term projects with a duration period exceeding three years
 - (c) Sensitive projects or services requiring security clearance prior to the award or where it is undesirable to prepare complete detailed technical specifications;
 - (d) Complex projects that require multiple stages before award and are requiring period of three years;
 - (i) The first stage entails technical proposal on conceptual design or performance specifications, issuing out a Request for Information to the market through public invitations;
 - (ii) The second stage entails issuing out a detailed Request for Proposals to only short listed suppliers.

19.7 NEGOTIATIONS

Direct negotiations shall only be permitted after approval by the Accounting Officer and shall be conducted in such a manner that none of the stakeholders is advantaged or prejudiced. The negotiations process shall apply in accordance with the best practice.

- (1) The negotiation mechanism may be used when:-
 - (a) procuring goods and services from single or sole suppliers;
 - (b) annual price increases;
 - (c) contract terms and conditions;
 - (d) finalizing the award of business with preferred bidders provided that such negotiations:
 - (i) do not allow any preferred bidder a second or unfair opportunity;
 - (ii) are not to the detriment of any other bidder;
 - (iii) do not lead to a higher price than the bid as submitted;
 - (iv) the bidding document or Request for Quotation document must specify that negotiations will be conducted in finalizing the award.
- (2) Approval or mandate to negotiate with any suppliers must be obtained in writing from the relevant Adjudication Committee or relevant delegated authorities as per Sub delegation referred to in clause 9 of this policy.
- (3) The mandate to negotiate must at least include the following:
 - (a) Reasons for negotiations;
 - (b) Negotiations parameters;
 - (c) objectives of the negotiations; and
 - (d) Supplier(s) to be negotiated with, process followed and motivation for their selection.
- (4) The outcome of the negotiations must be approved by the relevant Adjudication Committees and/or delegated authority before award.

- (5) Records of all negotiations must be kept.

19.8 SOLE SUPPLIERS

- (1) Procuring goods and services from sole supplier occur when:-
- (a) only one supplier manufactures or renders goods and services due to unique nature of the requirements;
 - (b) goods and services already in the JPC's value chain/employ are only supplied by an Original Equipment Manufacturer(OEM) or by a licensed agent thereof;
 - (c) there is a requirement for compatibility, continuity and alignment.
- (2) Authorized agents must produce letter from Original Equipment Manufacturer (OEM) before award.
- (3) For transparency and fairness all requirements categorized to be sourced from sole suppliers should be advertised for 14 calendar days.

19.9 UNSOLICITED BIDS

- (1) Unsolicited bids are bids that are preemptively submitted by the prospective supplier(s) to JPC without any requirements been identified and advertised by the JPC. This situation arises when the supplier(s) identify an opportunity to render services or supply products not ordinarily required by the JPC.
- (2) The JPC may consider any unsolicited bids received outside a normal bidding process when:-
- (a) the product or service is not in the budget and/or in the Integrated Development Plan;
 - (b) the business opportunity or cost saving opportunity is viable, innovative, demonstratively unique and essential;
 - (c) the person or entity who submitted the bid is the sole provider of the product or service.

- (3) To ensure transparency, fairness and to restrict abuse, the JPC must publicly advertise the requirement to allow other interested parties to submit bids provided:-
 - (a) the Request for Proposals will be generic and must protect the intellectual property and innovation of the unsolicited bidder;
 - (b) Prior to advertising, the unsolicited bidder will be informed of the JPC's intentions to invite public bids.
- (4) The JPC reserves the right to award the business to any competitive proposal besides the unsolicited bidder.
- (5) The Adjudication Committee must consider the recommended bid(s) emanating from the Unsolicited bid process and make final award.
- (6) The JPC reserves the right to reject any bidder who may have generated an unsolicited bid having used privileged information owned by the JPC.

20. GENERAL CONDITIONS APPLICABLE TO THE CONSIDERATION OF WRITTEN QUOTATIONS

- (1) The JPC will only consider signed written quotations and bids that comply with the following requirements:
 - (a) binding quotations and bids that have the service provider's:-
 - (i) full name;
 - (ii) identification number or company registration number;
 - (iii) tax reference number and VAT registration number;
 - (iv) a valid original Tax Clearance Certificate;
 - (v) Up to date Rates and Taxes statements from the municipality where the service provider resides.
 - (b) have signed the declaration form under oath stating the following:-

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- (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 service provider or of a director, manager, shareholder or stakeholder referred to in Annexure A

21. DEVIATIONS FROM PROCUREMENT MECHANISM

- (1) Deviations from the procurement mechanism entailed in this policy are not encouraged and may only be allowed in the following circumstances:-
 - (a) emergency or exceptional cases;
 - (b) if such goods or services are produced or available from a single/sole provider only;
 - (c) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (d) for the acquisition of animals for the zoo and/or nature and game reserves.
- (2) Deviations must be recommended by the Manager Supply Chain Management unit to the Accounting Officer for consideration by the Board of Directors
- (3) Deviations in emergency or exceptional cases can be approved by the relevant Accounting Officer subject to the ratification of the award by the appropriate committee or official with the relevant delegated powers. The Manager Supply Chain must record the reasons for any deviations from procurement mechanism.

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

- (1) The Accounting Officer may procure goods and/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) the other organ of state and the provider has consented to such procurement in writing.
 - (e) goods or services required by the City are similar to those on contract.

- (2) Subparagraphs (1) (c) and (d) above do not apply if :–
 - (a) the JPC procures goods or services through a contract secured by the parent municipality ; or
 - (b) the parent municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

- (3) The Managing Director shall report quarterly to the Mayoral Committee in respect of all and any goods and/or services procured in terms of this paragraph.

23. SUPPLY CHAIN MANAGEMENT COMMITTEE SYSTEMS AND PROCEDURES

- (1) The JPC makes use of committee system to ensure that the acquisition process for goods and services is open, fair and transparent.

- (2) The Committee system ensures that objectivity, value for money and cost effectiveness principles are espoused in all phases of the acquisition process.

- (3) The JPC will make use of the following committees:

Committee	Function	Composition
Bid specification Committee	Compiling specifications for the JPC's requirements to be acquired	<ol style="list-style-type: none"> 1. Chair: Head of Department 2. Project Manager 3. Legal Advisor 4. SCM representative 5. SCM Committee officer 6. Finance representative 7. External Specialist advisors (if required)
Bid Evaluation Committee	Evaluation of Bids, compilation of reports & making recommendations	<ol style="list-style-type: none"> 1. Chair: Head of Department; 2. Project Manager 3. Legal Advisor 4. SCM representative 5. SCM Committee officer 6. Finance representative
Adjudication Committee (EXCO members)	Consideration of the recommendations and award	<ol style="list-style-type: none"> 1. Chair: Executive Manager 2. Project Manager 3. Legal Advisor 4. SCM representatives 5. SCM Committee officer 6. Finance representative

The following is applicable to the above committees that;

- **No persons sitting on the Bid Evaluation Committee shall be permitted to sit in the Adjudication Committee.**
- **The committee forms a quorum when it is 50% plus one member available.**

23.1 BID SPECIFICATION COMMITTEES

- (1) Practical implementation of the Bid Specification Committee
 - (a) Bi-weekly meetings will be held by the Bid Specification Committee.
 - (b) Each User Division Representative shall notify the Manager: Supply Chain 10 days prior or at the discretion of the delegated officials to the meeting of the intended transactions to be dealt with by the Bid Specification Committee
 - (c) Manager: Supply Chain will compile an agenda and shall circulate same to all the committee members 5 (five) days before the scheduled meeting Each User Division Representative will compile a detailed pack of documentation for each member relating to the bid,
 - (d) A declaration of interest form and attendance form to be completed by each member of the committee should be made available;
 - (e) A draft bid document which also compels bidder to declare any conflict of interest that they may have in the transaction for which the Bid is submitted;
 - (f) The requirements for the bid (which shall include the period in which the service/goods are needed and any specifications)
 - (g) The estimate cost of the project
 - (h) Written confirmation from the Head of Finance that the amount has been budgeted for / that budget exists for the proposed expenditure
 - (i) Written consent by the relevant Head of Department or Accounting Officer for the acquisition of the goods/services
 - (j) Any treasury guidelines on the bid documentation (as requested from the JPC Legal Division)
 - (k) The requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure
 - (l) The draft bid documentation must also include any evaluation and adjudication criteria including any criteria required by any other applicable legislation
 - (m) Draft bid documentation must stipulate that any 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

- (n) Should the value of the transaction be expected to exceed R10 million VAT included, the following must be included in the draft bid document:-
- i. If the bidder is required by law to prepare annual financial statements for auditing, the audited annual financial statements shall be those for the past 3 (three) years or since the establishment (if established in the past 3 (three) years)
 - ii. A certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal Services towards a municipality another supplier in respect of which payment is overdue for more that 30 (thirty) days
 - iii. Particulars of any contracts awarded to the bidder by an organ of state during the past 5 (five) years, including particulars of any material non-compliance or dispute concerning the execution of such contracts:
 - iv. A statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic of South Africa and if so, what portion and whether any portion of payment from the JPC is expected to be transferred out of the Republic
- (2) The bid specification committee must compile the technical specifications for each requirement.
- The technical 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 South Africa Bureau of Standards (SABS), the International Standards Organisation (ISO), or an authority accredited or recognised by the South African National Accreditation System (SANAS);
 - (c) must be functional and not be outcome based or brand inclined;
 - (d) must not create trade barriers in contract requirements in the forms of plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;

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- (e) shall not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the words “equivalent”;
 - (f) must indicate each specific goal for which points shall be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and
 - (g) must be approved by the Managing Director or his delegated authority prior to publication of the invitation for bids in terms of clause 9 of this policy.
- (3) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, shall bid for any resulting bids.
- (4) The Project Manager will amend the draft bid document as per the recommendation of the Bid Specification Committee. The draft bid document must be approved by the relevant Manager or his delegated official prior to publication of the invitation for bids in terms of Regulation 22 of the Act.

23.2 BID EVALUATION COMMITTEES

- (1) The bid evaluation committee must;–
- (a) Evaluate bids in accordance with the approved specification;
 - (a) evaluate each bidder’s capability to execute the contract from a technical, financial and commercial perspective;
 - (b) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears or that there is a valid arrangement to settle the debts; and
 - (c) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

23.3 BID ADJUDICATION COMMITTEE

- (1) The bid adjudication committee must-

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- a. Consider the report and recommendations of the bid evaluation committee and either
 - i. Depending on its delegation make final award or recommendation to the Accounting Officer to make final award Or
 - ii. Make another recommendation to the accounting officer how to proceed with the bid.

- (2) The bid adjudication committee is composed as set out in the schedule.

- (3) The accounting officer or the delegated official must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

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

- (5) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid-
 - (a) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears and 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 sub-paragraph (a) above; 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.

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

- (7) The Accounting Officer must comply with section 114 of the Act within 10 working days.

24. SUPPLIER MANAGEMENT AND DEVELOPMENT

- (1) The JPC ascribes to sound principles and practices of supplier management and development to ensure the following:
- (a) equal opportunities for all suppliers;
 - (b) development and management of SMME and BBBEE; and
 - (c) mutually beneficial relationships based on fairness, transparency, trust and good ethical conduct.
- (2) To ensure that the above mentioned objectives are met the City will:-
- (a) keep a list of accredited prospective service providers of goods and services;
 - (b) at least once a year through public invitation including the JPC website <http://www.jhbpropertycompany.co.za/>, invite prospective service providers of goods or services to apply for accreditation and registration;
 - (c) specify the listing criteria for accredited prospective service providers; and
 - (d) the list will be updated at least quarterly to make provision for new registrations
- (3) The JPC will not register and/or do business with service providers whose names appear on the National Treasury's database as a person or entity prohibited from doing business with the public sector.
- (4) The JPC endeavor to promote the development of the supplier,

25. PENALTIES FOR ABUSE OF SUPPLY CHAIN MANAGEMENT

- (1) Abuse of Supply Chain Management is not acceptable and the JPC will take harsh steps against any person found to have violated and/or abused this policy.

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- (2) Employees found guilty of conniving with suppliers or contravening this Policy will be disciplined.
- (3) Service providers and their directors who have been found guilty of abusing this Policy will be barred/suspended from doing business with the JPC and National Treasury will be informed accordingly.
- (4) The JPC reserves the right to criminally prosecute any person found to have violated or abused this Policy. To this extent the South African Law Enforcement agencies will be informed and the case will be handed over to them.
- (5) The JPC reserves the right to cancel or not to award business to service providers found to have:
 - (a) unfairly influenced the process of award and have been found guilty of improper conduct;
 - (b) has been convicted for fraud or corruption during the past 5 years;
 - (c) has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - (d) has been listed in the Register for Tender Defaulters In terms of section 29 of the Prevention and Combating of Corrupt Activities Act No 12 of 2004.
- (6) All employees are expected to assist the JPC in fighting corruption and to this extent are encouraged to report all suspicious acts in terms of the CoJ's Anti corruption Policy.

PART 3:

**INVENTORY MANAGEMENT AND ASSET DISPOSAL
(LOGISTICS MANAGEMENT)**

26. INVENTORY MANAGEMENT

- (1) The JPC is committed to the following principles of inventory management:
- (a) consolidation of stock items to avoid duplication and redundancy;
 - (b) running the stores in an efficient and cost effective manner;
 - (c) maintaining an effective item identification system;
 - (d) avoid fruitless and wasteful expenditure by disposing redundant material on time;
and
 - (e) designing and implementing internal control systems that seeks to ensure that the JPC minimizes theft and avoidable losses.
- (2) To ensure achievements of the goals above the JPC will ensure that:-
- (a) Items are coded to ensure that each item has a unique number for the purposes of monitoring spending patterns on types or classes of goods and assets;
 - (b) Stock items are kept in clearly marked bins located in the store /warehouses to enable ease of identification at all times;
 - (c) To prolong the life of goods/stock kept in the stores / warehouse, the stores / warehouse must be kept in a clean, safe, tidy and systematic condition that complies with the health and safety standards;
 - (d) Inventory levels will be set that includes minimum and maximum levels and lead times wherever goods are placed in stock. Thus, the minimum and maximum re-order levels and safety stock will also be determined for each stock category by the Procurement Manager and the user departments are responsible for providing demand forecasts to enable effective and efficient Inventory management.

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- (e) Appropriate measures will be taken to minimise the risk, associated with the keeping of stock/goods, to the JPC, as well as management of stock- outs;
 - (f) Ordering and receiving of stock must be done according to the Procedure manual.
- (3) The JPC will ensure appropriate standards of internal controls and stores/ warehouse management are in place to ensure goods placed in stores are secured and only used for the purpose they were purchased;
- (4) The JPC will ensure that all assets are properly managed, appropriately maintained and only used for official purposes.

27. MOVEABLE ASSET DISPOSAL MANAGEMENT

- (1) The process of asset disposal should be transparent, equitable and fair;
- (2) All asset disposal transactions should be through a public tender or public auction;
- (3) The appointment of auctioneers should be through competitive bidding;
- (4) Prior to the disposal of assets, reasonable efforts must be made to ensure that no other organ of state may have use of the items;
- (5) Appropriate channels must be followed for disposing assets through donation mechanism.

28. RISK MANAGEMENT

- (1) The JPC will effectively manage risk through a system of identification, consideration and avoidance of potential risks in the Supply Chain Management system.
- (2) The criteria for the identification, consideration and avoidance of potential risks in the Supply Chain Management system, are as follows:

- (a) the identification of risks on a case-by-case basis;
 - (b) the allocation of risks to the party best suited to manage such risks;
 - (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
 - (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
 - (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.
- (3) Due care must be taken in the bid administration and management process to minimise the risk of litigation by unsatisfied service provider/s. The Supply Chain Management Unit must ensure that where third party software or license agreement/s is used, a service provider owns/has the right of use of any intellectual property. Any damages for non-compliance will be for the suppliers account. Contractors must clearly indicate that that intellectual property paid for by the JPC will remain the JPC's property and consent must be sought by the contractor prior to usage.
- (4) A register of all intellectual property paid for by the JPC must be created by each user department and provided to JPC's Legal Services quarterly to compile a consolidated register.

CHAPTER 4:

GENERAL MATTERS

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

- (1) Service providers whose tax matters are not known or have not been declared to be in order by the South African Revenue Services are not eligible to be awarded business by the City. Tax clearance is a mandatory requirement for all procurement mechanisms

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listed in this policy with the exception of Petty Cash. It is the service provider's responsibility to provide the JPC with a valid and original Tax Clearance Certificate and failure to do so is automatic disqualification. It is an offence to deregister for Vat purposes after obtaining business from the JPC. Should the JPC establish that a supplier has deregistered post contract award and is claiming VAT, the JPC will summarily cancel the contract and prohibit the offender from doing business with JPC in the future.

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

- (1) The JPC will not, subject to such amendments to the Act and regulations and any exemptions as the minister may promulgate from time to time, award contracts to suppliers who are owned directly or indirectly by the following categories of persons: -
 - Defined as an employee or public servant in the service of the state working for local, provincial and national Government
 - Defined as an employee in the service of a Government owned entity including the municipal entities;
 - If the employee mentioned above is actively or inactively a director, manager or principal shareholder of the supplier concerned (refer to GN44 in GG 28411 of 18 January 2006 for the exemption)
 - Is a member of the board of directors of a municipal entity within its area of jurisdiction (refer to GN44 in GG 28411 of 18 January 2006 for the exemption);
 - Who is an advisor or consultant contracted to the JPC for the purposes of assisting the JPC with defining requirements, drafting of specifications or evaluation of the bids
- (2) The JPC will not award business to suppliers owned directly or indirectly by politicians serving as councilors and Board of the directors for any municipality
- (3) The JPC will not award business to suppliers owned directly or indirectly by politicians serving in National Assembly, Provincial legislatures and National Council of Provinces.

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- (4) Failure by the above mentioned persons to comply with the above shall lead to cancellation of the contract.

- (5) The JPC will not, subject to such amendments to the Act and exemptions as the Minister may promulgate from time to time, award contracts to service providers who are owned directly or indirectly by the following categories of persons-
 - (a) defined as an employee or public servant in the service of the state working for Local, Provincial and National government; or
 - (b) defined as an employee in the service of a government owned entity including the municipal entities
 - (c) if the employee mentioned above is actively or inactively a director, manager, principal shareholder or stakeholder of the service provider concerned;
 - (d) is a member of the board of directors of a municipal entity within its area of jurisdiction;
 - (e) who is an advisor or consultant contracted to the City/parent municipality for the purposes of assisting the JPC with defining of requirements, drafting of specifications or evaluation of the bids.

- (6) The JPC will not award business to service providers owned directly or indirectly by politicians serving as councilors for any municipality unless the councilor has obtained prior written consent from the municipal council as per the Code of Conduct, Schedule 5, contained in the Local Government Municipal Structures Act (Act No 117 of 1998).

- (7) The JPC will not award business to service providers owned directly or indirectly by politicians serving in National Assembly, Provincial Legislatures and National Council of Provinces unless prior written consent has been obtained from the National Assembly, Provincial Legislature and National Council of Provinces.

- (8) Failure by the above mentioned persons to comply with the above shall lead to cancellation of the contract.

31. AWARDS TO CLOSE FAMILY MEMBERS, FRIENDS OF THE BOARD OF DIRECTORS, JPC BOARD MEMBERS, AND INDEPENDENT AUDIT MEMBERS AND FRIENDS OF PERSONS IN THE SERVICE OF THE STATE

- (1) The JPC does not allow its employees in decision-making positions to award any contracts to close family members or friends. To this extent, the JPC requires of all employees to make full disclosure of businesses owned by close family and / or friends and it is further expected that such individuals must not directly or indirectly be involved in the awarding of such business.
- (2) The notes to the annual financial statements must 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, which particulars shall include:–
 - (a) the name of that person;
 - (b) the capacity in which that person is in the service of the state; and
 - (c) the amount of the award.

32. HANDLING PROPRIETARY INFORMATION

- (1) All information designed and prepared for the JPC is deemed as proprietary. No such information may be distributed, modified or customized for third parties without written permission.
- (2) All supplier information shall be treated confidential.
- (3) In appropriate instance, the JPC may require security clearance and confidentiality agreements to be entered into with suppliers.

33. SPONSORSHIPS

- (1) The JPC may approve sponsorship promised, offered or granted by prospective service provider/s that has been awarded a contract by the JPC. Approval of such sponsorships may only be done through the Adjudication/executive Committee. Sponsorship must not be used by service providers to influence award of business under consideration. The JPC will not consider any sponsorship offering from service providers whilst there is business under consideration where the service provider is one of the bidders. By the same token acceptance by the JPC of a service provider's sponsorship is no guarantee of future business.

34. APPEAL PROCESS & RESOLUTIONS OF DISPUTES

- (1) Persons or service providers aggrieved by decisions or actions taken in the implementation of Supply Chain Management system or in the awarding of business, may, within 14 days of the decision lodge a written complaint to the Accounting Officer detailing the following:-
 - (a) The tender/bid or the quotation reference number;
 - (b) The part of the policy, Regulations or Act that has been violated;
 - (c) The details of the violation;
 - (d) The department involved; and
 - (e) The relief sought.
- (2) The Managing Director may appoint an independent or impartial person, from outside or within the JPC, to investigate and propose the dispute resolution. The person so appointed must be someone who was not involved in the transaction in question.
- (3) The JPC acting as an agent to the City of Johannesburg Municipality may appoint an ombudsman on an 'as and when' required basis to investigate complaints submitted. The duties and functions of such a person will be contained in the Terms of Appointment.

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- (4) Disputes relating to running contracts or completed contracts will be resolved strictly according to the disputes resolution mechanism provided for in the contract document.
- (5) The aggrieved party has the right to submit disputes not resolved by the JPC within 60 days to the Provincial or National Treasury.
- (6) Provisions of this paragraph do not prohibit or infringe on the rights of any party to approach the Court of Law regarding the dispute in question.

35. CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER (PROCEDURE)

- a. Should the compensation payable to any service provider be determined as an agreed percentage of turnover for the service rendered or the amount collected on behalf of the JPC, the contract between the service provider and the JPC must:–
 - i. contain a cap on the compensation payable to such service provider; and
 - ii. stipulate that such compensation shall be performance based.

ANNEXURE A

CODE OF ETHICAL CONDUCT FOR SUPPLY CHAIN MANAGEMENT PRACTITIONERS AND OTHER ROLE PLAYERS

1. Purpose

- 1.1 The purpose of this Code of Conduct is to ensure that all business transactions take place in an environment of honesty, integrity, fair competition and respect for South African Laws. This Code outlines the JPC's expectations from all its employees and service providers who participate, directly or indirectly, in the Supply Chain Management activities. The main aim is 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.
- 1.2 Failure to adhere to this Code is inexcusable and punishable by the JPC.

2. General Principles

- 2.1 The JPC commits itself to a policy of fair dealing and integrity in the conducting of its business. Employees and other role players involved in Supply Chain Management (SCM) are in a position of trust, implying a duty to act in the public interest. Employees and other role players should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.
- 2.2 Employees and other role players involved in SCM should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly.

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2.3 Employees and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.

3. Employee Ethical Conduct

3.1 An employee or other role player involved with Supply Chain Management:-

- (i) must treat all providers and potential providers equitably;
- (ii) may not use his or her position for private gain or to improperly benefit another person;
- (iii) must not infer with Supply Chain Management processes and system in order to influence the outcome of an award by tempering with any price quotations and bids;
- (iv) must keep all information, including service providers information, as confidential. Only the duly authorized official will communicate the outcome of the bidding process;
- (v) must not be soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters;
- (vi) must not exploit errors in price quotations / bids;
- (vii) 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;
- (viii) must declare to the Managing Director 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 and record them on the declaration register to be kept by each manager and signed off on quarterly basis by the respective delegated employee;
- (ix) must declare to the Managing Director details of any private or business interest which that person, or any close family member, partner or associate, may have

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in any proposed procurement or disposal process, or in any award of a contract by the JPC ;

- (x) 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;
- (xi) must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;
- (xii) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties;
- (xiii) should not take improper advantage of their previous office after leaving their official position; and
- (xiv) Employees must report to the Accounting Officer any alleged irregular conduct in the Supply Chain Management system which that person may become aware of, including:-
 - (a) any alleged fraud, corruption, favouritism or unfair conduct;
 - (b) any alleged contravention of the policy on inducements, rewards, gifts and favours to the JPC, employees or other role players; and
 - (c) any alleged breach of this code of conduct.

3.2 The JPC is committed to the highest standard of integrity and any official transgressing this code will be dealt with in accordance with the JPC's Disciplinary code of conduct.

4. Record Keeping

4.1 Every Head of Department must keep an up to date gift register and record of all declarations made by the employees with regards to:-

- (a) Business interest held by the employees;
- (b) Business interest held by the family members;
- (c) Interest in a business transaction where conflict of interest exist

4.2 The Accounting Officer must keep record of all declarations.

5. Service Providers Ethical Conduct

5.1 Service providers, are expected to assist the JPC in enforcing good ethical conduct from its employees and:–

- (a) must not induce or reward the employees for contract awarded or to be awarded;
- (b) must not put undue pressure on employees;
- (c) must not assist or offer financial relief to employees in financial difficulties;
- (d) must not request from employees information about the JPC's operations or competitors information; and
- (e) must not offer favours or hospitality to employees of which the value thereof is above R350.

5.2 Service providers are expected to comply with this policy fully and failure to do so will lead to barring or black listing from doing business with the JPC. The names of service providers defaulting will be submitted to National Treasury for black listing.