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SUPPLY CHAIN MANAGEMENT POLICY

DOCUMENT CONTROL

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CHAPTER 1 – IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT

1. Preamble

Section 111 of the Municipal Finance Management Act, 56 of 2003 (“**MFMA**”) requires each Municipal entity and Municipal Entity to adopt and implement a Supply Chain Management Policy, which gives effect to the requirements of the MFMA. In addition, the Preferential Procurement Policy Framework Act, 5 of 2000 (“**PPPFA**”) requires an Organ of State to determine its Preferential Procurement Policy and to implement it within the framework prescribed.

In accordance with the legislation, the City of Joburg Property Company Soc Limited (“**JPC**”) is committed to combating fraud, corruption, favoritism and irregular practices in Supply Chain Management by blacklisting persons who have been found to have engaged in such practices.

2. Aim and purpose of the Supply Chain Management Policy

The purpose of this Policy is to: -

- 2.1. Implement a Supply Chain Management System in accordance with section 217 of the Constitution of the Republic of South Africa, Act 108 of 1996 (“**Constitution**”) which is fair, equitable, transparent, competitive and cost effective;
- 2.2. Provide for principles for procuring of goods, services or works;
- 2.3. Provide for principles for the disposal of goods no longer needed;
- 2.4. Provide for principles for the selection of contractors to provide assistance on the provision of municipal services other than where Chapter 8 of the Municipal Systems Act, 32 of 2000 (“**MSA**”) applies;
- 2.5. Ensure consistency with other applicable legislation and regulations; and
- 2.6. Ensure optimal service delivery by facilitating effective and efficient procurement.

3. Policy Parameters

3.1. This Policy is applicable to all JPC and must be adhered to when:

3.1.1. Procuring goods, works and/or services, including construction works and consultant services.

3.1.2. Disposing of goods no longer needed.

3.1.3. The procurement of goods and services under a current contract secured by another organ of state, provided that the relevant supplier has agreed to such procurement.

3.1.4. Unless specifically stated otherwise, the normal procurement process does not apply if JPC contracts with another organ of state in terms of section 110 of the MFMA and regulation 32 of the Municipal Supply Chain Management Regulations, 2005 for:

3.1.4.1. The provision of goods or services to JPC.

3.1.4.2. The provision of a municipal service, or assistance in the provision of a municipal service.

3.1.4.3. Any other contractual arrangements between organs of state for whatever reasons.

3.1.4.4. A report shall be submitted to the appropriate delegated authority seeking authority to contract with another organ of state.

3.2. JPC prepare and implement its own Supply Chain Management Policy in a way that is consistent with City of Johannesburg Metropolitan Municipality's supply chain management policy.

4. Abbreviations and Definitions

4.1. Abbreviations

Abbreviations	Definition
BEC	Bid Evaluation Committee
BSC	Bid Specification Committee
CIDB	Construction Industry Development Board
CoJ	City of Johannesburg Metropolitan Municipality
JPC	City of Joburg Property Company SOC Limited
CFO	Chief Financial Officer
ACFO	Acting Chief Financial Officer
GDS	Growth and Development Strategy
GFIS	Group Forensic and Investigative Services
SCM	Supply Chain Management
MFMA	Municipal Finance Management Act, 56 of 2003
MSA	Municipal Systems Act, 32 of 2000
PMFA	Public Finance Management Act, 1 of 1999
PPPFA	Preferential Procurement Policy Framework Act, 5 of 2000
SCM	Supply Chain Management
CEO	Chief Executive Officer
ACEO	Acting Chief Executive Officer

4.2. 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” Means Chief Executive Officer, or Acting Chief Executive Officer, of JPC as per section 93 of the MFMA.

“Administrative Error”	Means an error that is not material and may include typographical and minor errors.
“Advisor”	Means qualified service providers, with the relevant experience, who are providing technical, legal, financial and transactional services to JPC.
“Alternative bid”	Means a bid offer which is submitted in respect of an invitation to bid by JPC but presented with substantial or material deviation from the specifications and/or bid conditions seeking to address the same requirements as those that JPC has made an invitation for.
“Alternative bidder”	Means a bidder who is considered for award other than the one recommended by the BEC.
“Appeal Authority”	Means an independent and impartial person appointed by Chief Executive Officer or Acting Chief Executive Officer in terms of Regulation 50 of the Local Government Municipal Supply Chain Regulations.
“Award”	Means the acceptance of a bid or proposal.
“B-BBEE”	Means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act.
"Black People"	Is a generic word which means Africans, Colored and Indians: <ol style="list-style-type: none"> 1. who are citizens of the Republic of South Africa by birth or descent; or 2. who became citizens of the Republic of South Africa by naturalization- before 27 April 1994; or 3. on or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalization prior to that date.

“Blocking of suppliers”	Means the temporary delisting of a supplier/service provider from JPC’s database of service providers as a result of potential conflict of interest, breach of contract or any other improper practice/misconduct.
“Bid”	Means a written offer in response to an invitation in a manner and format prescribed by JPC for the provision of goods, services or works solicited through a competitive bidding process.
“Bidder”	Means a natural or juristic person submitting a bid in response to a bid invitation issued by JPC in terms of a competitive bidding process.
“Bid Evaluation Committee”	Means a committee comprising officials and/or technical advisors nominated and duly approved by CEO his/her delegated official to consider bids and make recommendations to the relevant adjudication committee or CEO, whichever the case may be.
“Bid Specification Committee”	Means a committee comprising officials and/or technical advisors nominated and duly approved by CEO/ACEO or his/her delegated official to compile specifications or terms of reference for the invitation of bids.
“Blacklisting Authority”	Means the Blacklisting Committee.
“Blacklisting Period”	Means the period for which the blacklisted person is barred from participation in the procuring processes of JPC.
“Blacklisting”	Means the act of disqualifying a person or an entity from participating in or continuing to participate in the procurement process of JPC.

“Capital Assets”	Are all assets with a life cycle of greater than one year and above the capitalization threshold (where applicable). For example, this would include property, plant and equipment (infrastructure network, furniture, motor vehicles, computer equipment, etc.), intangible assets, and investment property.
“Central Supplier Database”	Means a database of accredited suppliers maintained by the National Treasury.
“JPC”	Means][, a municipal entity duly established by virtue of The Local Government: Municipal Systems Act 32 of 2000.
“Accounting Officer”	Means the official appointed by JPC as CEO and who will be acting as the Accounting Officer of JPC as contemplated in the Act and defined in Section 93J of the of the Municipal Systems Act read with section 93 of the MFMA.
“Closing time”	Means the date and time issued and/or specified for receiving bid documents in the invitation to bid.
“Code of Conduct”	Means the code of conduct attached to this Policy as Annexure “A”.
“Competitive bid”	Means a bid in terms of a competitive bidding process.
“Contingency”	Means an amount included in the contract Authority to cover the cost of unforeseen circumstances and must be used in line with respective industry norms and standards. This percentage must be appropriately motivated and approved at contract approval stage via the Bid Specification Committee, or Bid Adjudication Committee (where appropriate).

“Contract”	Means a legally binding agreement between JPC and the Contractor for the latter to provide goods, services, engineering and construction works, or professional services in return of payment by the former.
“Contract Amendment”	Means a change made to the value of the contract beyond the contract authority and/or the duration of the contract beyond the contract authority and/or scope changes in the contract and/or contracting arrangements beyond the contracting allowances. An amendment may be a minor amendment or a major amendment.
“Contract Authority”	Means the total contract award value as approved, or supported, by the Bid Adjudication Committee. This is inclusive of escalations and the normal contingency allowance for variations under the general conditions of contract, and shall be taken from the amount approved at the Bid Specification Committee, or Bid Adjudication Committee.
“Contract Manager”	Means the delegated official to manage and oversee a contract.
“Contract Period”	Means the duration of the contract as set out in the contract.
“Contractor”	Means any person, body, or legal entity that is under contract to JPC for the performance of the contract. A tenderer whose tender has been accepted becomes a Contractor.
“Control”	Means the possession and exercise of legal authority and power to manage the assets, goodwill and daily operations of a business and the active and continuous exercise of appropriate managerial authority and power

in determining the policies and directing the operations of the business.

“Co-Operatives”

Means an autonomous association of persons united voluntarily to meet their common economic and social or cultural needs and aspiration through a jointly owned and democratically controlled enterprise organized and operated on co-operative principles or is a social enterprise that applies commercial strategies to maximize improvements in financial, social and environmental well-being.

“Day(s)”

Means, unless otherwise specified, calendar days. Days must be calculated by excluding the first day and including the last day.

“Delisting”

Means the removal of a person from JPC database of blacklisted persons after the period of blacklisting has expired.

“Delegated authority”

Means a responsibility (duty) delegated to any person, official or committee authorised/delegated to make certain specific decisions in terms of the Municipal Finance Management Act.

“Designated groups”

Means black people, women and people with disabilities.

“Emergency”

Means an unforeseeable and/or sudden event, with materially harmful or potential harmful or risky consequences for JPC that requires immediate action.

“Exempted Micro Enterprise” Means a bidder with an annual total revenue of R10 million or less (in terms of the Broad-Based Black Economic Empowerment Act).

“Final award”	Means in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept.
“Firm price”	Means price offered by the bidder in terms of the final award and is binding and fixed for the duration of the contract period.
“Formal written price quotation”	Means quotations referred in this policy and shall include any offer to purchase immovable property.
“Fruitless and wasteful expenditure”	Means expenditure that was made in vain and would have been avoided had reasonable care been exercised.
“Goods”	Must mean both movable and immovable property and real rights therein.
“Chief Financial Officer”	In the case of Municipal Entities - means the Chief Financial Officer or Acting Chief Financial Officer.
“General Managers”	Means any person who has been appointed by the JPC as general manager pursuant to a letter of appointment as such.
“Improper practice”	Means any form of misrepresentation in the information presented for consideration of a bid and execution of a contract, deliberate omission of information, any fraudulent and improper conduct including but not limited to collusion, extortion, bribery and any unlawful behavior.
“Large Entities”	Means a bidder with an annual total revenue in excess of R50 million (in terms of the Broad-Based Black Economic Empowerment Act).

“Long term contract”	Means a contract with a duration period exceeding one year.
“Main contractor”	Means a contractor who has a contract with JPC as a principal or prime contractor for the execution of a specific contract.
“Major contract Amendment”	Means an amendment to a contract which is not a minor amendment and which materially amends the contract.
“Manufacturer”	Means a firm that operates or maintains a factory or establishment that produces on its premises materials or supplies required by the Prime Contractor for the performance of the Contract.
“Material error”	Means an error which materially changes the content of the document being referred to.
“Model Policy”	Means the Municipal Supply Chain Model Policy provided by National Treasury for the adoption by municipal entity’s and municipal entities in terms of section 111 of the Municipal Finance Management Act, No 56 of 2003, and the Municipal Supply Chain Management Regulations.
“Municipal entity”	Means JPC, City of Johannesburg or any Municipal entity, whichever is applicable.
“Non-Performance”	Means default on a contract in the public sector by willfully or negligently: (a) Failing to perform at all; (b) Failing to complete work timeously without good reason;

- (c) Delivering defective performance, i.e. poor workmanship or substandard materials;
- (d) Being in breach of a material term of the contract;
- (e) Failing to achieve a specified contract participation goal or performance target as set out in the tender document/s, and
- (f) Despite being given written notice to remedy non-performance has not done so.

“Preferred bidder”	Means the most responsive and recommended bidder but whose tender and award has not been confirmed.
“Person”	Means a person including a juristic person and tenderer, supplier, service provider, contractor and business entity must have a corresponding meaning.
“Project Authority”	Means the authority to incur expenditure on the project as budgeted for and approved by Board.
“Qualifying Small Enterprise”	Means any enterprise with annual total revenue of between R10 million and R50 million.
“Regulation(s)”	Means the Local Government: Municipal Supply Chain Management Regulations promulgated under General Notice 868 of 2005 dated 31 May 2005, as amended from time to time.
“Reporting Officer”	Means a delegated official who monitors the performance of a contractor.
“Restrictive Horizontal Practice”	Must have the same meaning as set out in the Competitions Act 89 of 1998.
“Restrictive Vertical	Must have the same meaning as set out in the

Practice	Competitions Act 89 of 1998.
“SCM Procedure Manual”	Means all Supply Chain Management Procedure Manual(s) issued by the Chief Financial Officer from time to time.
“SMMEs”	Means Small, Medium and Micro Enterprises as defined in the National Small Business Act 102 of 1996.
“Sole / Single Supplier”	Means that there exist one service provider or supplier or manufacturer in the market, with sole distribution rights and/or patent rights.
“Specific goals”	Means specific goals as contemplated in section 2(1)(d) of the PPPFA 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 programmes of the Reconstruction and Development Programme.
“Supplier”	Means a firm that: <ul style="list-style-type: none"> (a) owns, operates or maintains a store, warehouse or other establishment in which materials or supplies are bought, kept in stock and regularly sold to the public in the usual course of business; and (b) engages as its principal business, and in its own name, in the purchase and sale of the products.
“Targeted-Procurement”	Means a policy or programme that targets a percentage of procurement exclusively for certain categories of enterprises.
“The Act”	Means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

“Treasury guidelines”	Means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act.
“Unsolicited Bid”	Means any proposal/concept received by an Institution outside its normal procurement process that has not been a solicited bid (a submission that must be innovative, unique and provided by a sole supplier).
“Variation”	Means a change to the value of the Contract beyond the contract authority and where the change is up to 20% of the original contract authority for construction related goods, services and/or infrastructure projects. Variation also refers to a provision/s in a contract, excluding the changes referred to in amendments in the definition of this policy.
“Works”	Means engineering and construction works.
“Written or verbal quotations”	Means quotations referred to in paragraph 20 of this policy.
“Youth”	Means in this context a South African citizen between 18 and 35 years of age.

5. Legislative and Policy Framework

This policy must be read, at all times, with all pieces of legislation as stipulated below. JPC is committed to comply with applicable legislations pertaining to SCM such as the following, which is not exhaustive:

- 5.1. The Constitution of the Republic of South Africa
- 5.2. Municipal Finance Management Act
- 5.3. Preferential Procurement Policy Framework Act

- 5.4. Preferential Procurement Regulations, 2022¹
- 5.5. Broad-Based Black Economic Empowerment Act
- 5.6. Construction Industry Development Board Act
- 5.7. Local Government: Municipal System Act
- 5.8. Promotion of Administrative Justice Act
- 5.9. Promotion of Access to Information Act
- 5.10. Municipal Supply Chain Management Regulations
- 5.11. National Treasury Circulars / Guidelines

6. Amendment and review of the Supply Chain Management Policy

6.1. CEO must: -

6.1.1. At least annually review the implementation of this policy, by way of a revised policy document and/or annual report on the implementation of the policy; and

6.1.2. When CEO considers it necessary to review the policy, outside of the annual review period, he/she shall submit proposals for the amendment of this policy to Board.

6.2. If CEO submits a draft policy to the Board that differs from the model policy, CEO must ensure that such draft policy complies with the Regulations. CEO must report any deviation from the model policy to the National Treasury and the relevant provincial treasury.

6.3. When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

6.4. CEO must in terms of Chapter 11 section 111 ensure of the MFMA ensure that the JPC have and implements supply chain management policy that gives effect to the provision of MFMA.

¹ The Preferential Procurement Regulations, 2022 took effect on 16 January 2023

- 6.5. Should there be an amendment to legislation and/or policies that affect the implementation of this supply chain management policy, then same shall be implemented via a standard operating procedure document. The policy shall be amended accordingly during the next review cycle.

7. Supply Chain Management Powers and Duties

7.1 Delegation of Supply Chain Management Powers and Duties

- 7.1.1. The Board hereby delegates all powers and duties to CEO which are necessary to enable CEO to discharge the supply chain management responsibilities conferred on CEO in terms of Chapter 11 of MFMA and this policy.
- 7.1.2. CEO, Chapter 11 of the MFMA hereby delegates Supply Chain Management Powers and Duties as set out in annexure “**B**”.
- 7.1.3. CEO shall be entitled, at all times, to withdraw or amend the delegations as contained in annexure “**B**” or to determine new delegations, should the need arise.
- 7.1.4. CEO may not delegate or sub-delegate any supply chain management powers or duties to a person who is not an official of the municipal entity or to a committee which is not exclusively composed of officials of the municipal entity.
- 7.1.5. This section (delegation of supply chain powers and duties) may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in this policy.

7.3. Sub-delegation of Supply Chain Management Powers and Duties

- 7.3.1. CEO may in terms of section 106 of the Act sub-delegate any supply chain management powers and duties in terms of the MFMA which shall also be contained in annexure “**B**”.

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

7.4. Vetting of Supply Chain Management employees

7.4.1. In accordance with the National Treasury Practice Note Number SCM 4 of 2003, all employees employed in the SCM Department are to undergo a screening process.

7.4.2. In addition to the employees referred to in paragraph 7.4.1, all employees who are part of the following committees shall undergo a screening process: -

7.4.2.1. Bid Specification Committee (BSC);

7.4.2.2. Bid Evaluation Committee (BEC); and

7.4.2.3. Bid Adjudication Committee.

7.4.3. All members of the committees referred to in paragraph 7.3.2. above, shall be cleared at the level of "Confidential" and should be required to declare their financial interest annually.

7.4.4. The step-by-step procedure to be followed during the screening process is as outlined by Group Investigation Forensic Services.

7.4.5. The account officer, or delegated official, must consider the recommendations provided during the vetting process and determine whether the recommendation is to be implemented or not.

7.5. Roles and responsibilities of User Departments

7.5.1. The user department shall be responsible for ensuring that their demands are timeously communicated to the supply chain management department.

7.5.2. The user department must provide a detailed needs analysis to the SCM department which will assist in ensuring that a proper specification is developed in line with their actual needs.

7.5.3. The user department shall be responsible to initiate procurement process and ensure approval of the bid specifications.

7.5.4. The user department shall be responsible for all contract performance and monitoring and ensuring that goods and/or services are properly received.

7.5.5. The user department shall report monthly to the SCM on the general day to day management and performance of the contract.

7.6. Roles and responsibilities of Supply Chain Management (SCM) Unit

7.6.1. The SCM unit is responsible:

7.6.1.1. to consolidate department procurement requirement and advise on the appropriate procurement strategy.

7.6.1.2. to ensure that the proper procurement process is followed when a demand is identified by a user department.

7.6.1.3. To provide SCM related training within JPC.

7.6.1.4. to provide procurement technical advice to user department prior to the finalisation of the bids specification and during the bid evaluation and adjudication process

7.6.1.5. to monitor the implementation of supply chain policy.

7.7. Roles and responsibilities of Probity

7.7.1. Where the bid exceeds a total value of more than R5 million, JPC must conduct a probity process.

- 7.7.2. All deviation reports, irrespective of the total value, shall be subjected to a probity process.
- 7.7.3. Probity shall conduct a review process and assess for objectivity and compliance with, amongst others, JPC SCM policy, Municipal SCM Regulations, MFMA and PPPFA.
- 7.7.4. Probity shall verify that the following processes have been properly complied with by the BSC: -
- 7.7.4.1. Compiling a comprehensive needs assessment of the required goods, works and/or services;
 - 7.7.4.2. Develop Project Procurement Strategy, if required;
 - 7.7.4.3. Development of the Commercial Strategy, if required;
 - 7.7.4.4. Determine detailed specifications; and
 - 7.7.4.5. Determine evaluation criteria.
- 7.7.5. Probity shall verify that the following processes have been properly complied with by the BEC: -
- 7.7.5.1. The National Treasury's Database of Restricted Suppliers and Register for Tender Defaulters has been cross-checked for bidders or directors that are prohibited from doing business with the public sector;
 - 7.7.5.2. There has been no abuse of the SCM process;
 - 7.7.5.3. No official with adverse findings against them relating to the abuse of the SCM process was part of the specific SCM process;
 - 7.7.5.4. No boardlors exercised any influence over the SCM process;
 - 7.7.5.5. The preferred bidder is not on JPC's database of underperforming and non-performing bidders;
 - 7.7.5.6. The bidder or any of its directors have not been found guilty of abuse of any SCM process or corruption or fraud in the past five years; and
 - 7.7.5.7. Whether any bidder(s) are in the service of the municipal entity.
- 7.7.6. The role of probity is to advise of any irregularities and/or risks identified and provide a report on same.

7.7.7. The relevant bid committees shall review the probity report prior to making a final determination of the bid. In instances where bid committees accept the risks identified in the probity, risk acceptance reasons must be included in the relevant bid committee report.

8. Oversight role of the Board of JPC

8.1. The Board must maintain oversight over the implementation of this supply chain management policy.

8.2. For the purposes of such oversight CEO must: -

8.2.1. Within 30 days of the end of each financial year, submit a report on the implementation of the supply chain management policy of the municipal entity and of any municipal entity under its sole control, to the board of the municipal entity; and

8.2.2. Whenever there are serious and material problems in the implementation of the supply chain management policy, immediately submit a report to the board.

8.3. CEO must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the Board through Mayoral Committee.

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

9. Reporting requirements

9.1. Reporting by the General Manager: SCM

9.1.1. General Manager: Supply Chain Management must submit the following reports to the Chief Financial Officer,

General Managers of each Department, and CIDB through established channels: -

- 9.1.1.1. Report to the relevant General Managers of Departments on non-compliance, deviations and remedial action proposed or taken;
- 9.1.1.2. Report to CIDB on construction works awarded;
- 9.1.1.3. Report to the Chief Financial Officer on the operations of the Supply Chain Management Unit on a monthly basis;
- 9.1.1.4. Report containing particulars of each final award made by General Managers of Departments during that month within 5 days of the end of each month, or as soon as it is practically possible after such awards, including: -
 - 9.1.1.4.1. the amount of the award;
 - 9.1.1.4.2. the name of the person to whom the award was made;
 - 9.1.1.4.3. the reason why the award was made to that person;
 - 9.1.1.4.4. the B-BBEE status of the service provider.
- 9.1.1.5. Report to the Chief Financial Officer on all practice notes issued and proposed amendments to the SCM Procedure Manual.

9.2. Reporting by the General Managers of Departments to the Chief Financial Officer (via the General Manager: SCM)

- 9.2.1. General Managers of Departments must prepare and submit details of performance against acquisition plans versus the actual spend for each quarter.
- 9.2.2. General Managers must prepare and submit a report

to General Manager: Supply Chain Management on behalf of JPC, all bids awarded in designated sectors with a stipulated minimum threshold on local content.

9.2.3. General Managers of Departments must prepare and must submit monthly petty cash procurement reports to the Chief Financial Officer. All such reports shall be routed through the General Manager: SCM and shall include: -

- 9.2.3.1. total amount of petty cash purchases for the month;
- 9.2.3.2. the amount of each award; and
- 9.2.3.3. the name of the service provider to whom each award was made.

9.3. Reporting by Chief Financial Officer to the MMC: Economic Development Department

9.3.1. The Chief Financial Officer must submit on a quarterly basis to the MMC: Economic Development reports outlined in this paragraph, including reports on the following: -

- 9.3.1.1. Proposed amendments to the SCM Policy and Procedure Manual if any;
- 9.3.1.2. Proposed frameworks and practice notes and circulars issued by the National Treasury; and
- 9.3.1.3. Proposed frameworks and practice notes issued by General Manager: Supply Chain Management.

9.4. Reporting by JPC to National Treasury and/or Provincial Treasury

9.4.1. General Manager: Supply Chain Management Unit shall, on behalf of JPC, submit the following reports to National Treasury and/or Provincial Treasury through applicable channels: -

- 9.4.1.1. Reports on a monthly basis to National Treasury on all transactions / purchases from R100 000.00 (one hundred thousand rand);
- 9.4.1.2. Reports on all purchases paid for in foreign currency;
- 9.4.1.3. Reports on contracts and/or transaction to the value of R100 million and more;
- 9.4.1.4. Reports on supplier or director thereof that has abused the Supply Chain Management system and has been found guilty of improper conduct;
- 9.4.1.5. Reports on awards of unsolicited bids;
- 9.4.1.6. Reports on any service provider that has been found guilty of inducing or bribing JPC officials for the award of business;
- 9.4.1.7. Reports on abuses of Supply Chain Management and the remedial steps taken;
- 9.4.1.8. Reports on contracts awarded with a duration that extends beyond three years; and
- 9.4.1.9. Reports on any deviation from the Model Policy or Regulations.

9.5. Reporting by JPC to Department of Trade, Industry and Competition

9.5.1. Wherever possible, the Proudly SA Campaign should be supported to the extent that, all things being equal, preference is given to procuring local goods and services from:

- 9.5.1.1. firstly – suppliers and businesses within the municipal entity;
- 9.5.1.2. secondly - suppliers and businesses within the relevant province; and
- 9.5.1.3. thirdly – suppliers and businesses within the Republic of South Africa.

9.5.2. In giving consideration to this paragraph, the requirements of the designated sectors for Local Production and Content as

issued by the Department of Trade, Industry and Competition must be taken into account.

9.5.3. The General Manager: Supply Chain Management shall, on behalf of JPC, submit to the Department of Trade, Industry and Competition a report on all transactions/contracts to the minimum value of R100 million and more with a foreign content value equivalent to USD 10 million.

9.5.4. The General Manager: Supply Chain Management shall, on behalf of JPC, submit to the Department of Trade, Industry and Competition all bids with a stipulated minimum threshold on local content.

9.6. Reporting to B-BBEE Commission

9.6.1. Any sphere of government, public entity or an organ of state must file audited annual financial statements and annual report complied in terms of section 13G(1) of the Broad-Based Black Economic Empowerment Act annually to the B-BBEE Commission in the prescribed format, within 30 days of the approval of such audited financial statement and annual report.

9.7. Publication of reports on the official website of JPC

9.7.1. All reports indicated above, must be made public by the General Manager: Supply Chain Management through the official website of JPC.

9.8. Publication of all construction projects on the CIDB Website

9.8.1. All construction related projects shall, over and above the normal JPC advertisements, be: -

9.8.1.1. Advertised on the CIDB website;

9.8.1.2. Registered on the CIDB website within 21 days of the commencement of the project; and

- 9.8.1.3. Registered or terminated on the CIDB website upon completion of the project.

10. Training of Supply Chain Management officials

- 10.1. CEO shall provide all the necessary resources and support to implement the policy.
- 10.2. General Manager shall ensure that all officials involved in implementing the supply chain management policy are trained in accordance with any National Treasury guidelines on supply chain management training.

CHAPTER 2 – SUPPLY CHAIN MANAGEMENT SYSTEM

This supply chain management policy prescribes that the following systems that must be in place: -

Demand management;
Acquisition management;
Disposal management;
Risk management; and
Performance management.

Part 1 – Demand Management

11. System of Demand Management

- 11.1. CEO must establish and implement an appropriate demand management system to ensure that the resources required by the municipal entity support its operational commitments and its strategic goals outlined in the Integrated Development Plan.

11.2. The demand management system must: -

11.2.1. Ensure that future as well as current needs are understood.

11.2.2. Ensure that the need form part of the strategic and Integrated Development Plan (IDP) of JPC.

11.2.3. Include timely planning and management processes to ensure that all goods and services required by the municipal entity 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.

11.2.4. take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature;

11.2.5. provide for the compilation of the required specifications to ensure that its needs are met; and

11.2.6. To undertake appropriate market, industry and commodity analysis and research to ensure that innovations and technological benefits are maximized.

Part 2 – Acquisition Management

12. System of Acquisition Management

12.1. CEO must implement the system of acquisition management set out in this Part to ensure: -

12.1.1. goods and services are procured by the Municipal entity in accordance with authorised processes only;

12.1.2. expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;

12.1.3. the threshold values for the different procurement processes are complied with;

12.1.4. bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and

12.1.5. any Treasury guidelines applicable on acquisition management are properly considered.

12.2. When procuring goods or services in terms of Section 110(2) of the Act, CEO must make public, through a notice, the fact that such goods or services are procured otherwise than through the Municipal entity's supply chain management system, including: -

12.2.1. the kind of goods or services; and

12.2.2. the name of the supplier.

12.3. The notice referred to in clause 13.2. above shall be advertised in the same manner in which a normal tender / bid would be advertised.

13. Range of the procurement process

13.1. Goods and services may only be procured by way of, petty cash, written quotations and competitive bidding in accordance with the values in table 1 of the SCM Policy.

13.2. CEO may, in writing lower, but not increase, the different threshold values specified in table 1.

TABLE 1: RANGE OF PROCUREMENT PROCESSES	
Procurement Mechanism	Total Transaction Value
Petty Cash Purchases	R nil to R2 000 (VAT Inclusive)
Written or Verbal Quotations	1. Above R2 000 up to R30 000 (VAT Inclusive); and

TABLE 1: RANGE OF PROCUREMENT PROCESSES	
	2. When procuring goods or services from accredited service providers.
Formal Written Price Quotations	Above R30 000 up to R750 000 (VAT Inclusive)
Competitive Bidding Process	1. Above R750 000(VAT Inclusive); and 2. The procurement of long-term contracts
Sole Suppliers	Any Value
Unsolicited Bids	Any Value
Quotations solicited from established panels	Any Value

13.3. 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.

14. General pre-conditions for consideration of written quotations or bids

14.1. JPC shall not consider any written quotation or bid, unless the provider who submitted the quotation or bid

14.1.1. has furnished that provider's:-

- (a) full name;
- (b) identification number or company or other registration number;
- (c) Proof of CSD registration and
- (d) tax reference number and VAT registration number, if any;

14.1.2. has authorised the municipal entity to obtain a tax clearance or tax compliance status and PIN from the South African Revenue Service that the provider's tax matters are in order; and

14.1.3. has indicated: -

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

14.2. Has complied with all other relevant processes as set out in the JPC Procedure Manual.

15. List of accredited prospective providers

15.1. CEO must: -

- 15.1.1. keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements of the municipal entity through written or verbal quotations and formal written price quotations; and are in keeping with the National Treasury Centralized Supplier Database;
- 15.1.2. 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;
- 15.1.3. specify the listing criteria for accredited prospective providers; and
- 15.1.4. disallow the listing of any prospective provider whose name appears on the National Treasury databases as a person/company prohibited from doing business with the public sector, or who is prohibited in terms of this policy, or is blacklisted/restricted in terms of this policy.

15.2. 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 and must in the first instance be registered with the Centralized National Treasury Database.

15.3. The list must be compiled per commodity and per type of service.

16. Advertisements, Notices and Communication to Local Community

16.1. When anything must be notified by Board through the media to the local community, the procurement of such notices, advertisements or media campaigns must be done, where possible, in accordance with the official procurement process.

16.2. Where it is impractical or impossible to follow the official procurement process, or where the services are available from a single service provider only, then the deviation process as contained in 20.30 will be applicable.

17. Petty cash purchases

17.1. Petty cash purchases may be allowed in cases where 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.

17.2. Petty cash purchases shall be limited for the procurement of items or services below R2 000 (two thousand rand) (including VAT) only. The amount of R2 000 (two thousand rand) (including VAT) should be the total value of all of the Department's requirements for a particular item or service per occasion, or the requirements must be so incidental that it is not viable/feasible for JPC to establish a contract or keep stock.

18. Written and verbal quotations

18.1. To ensure that transparent and equitable objectives are adhered to at all times when procuring different goods and services, JPC shall use the written and verbal quotation mechanism when:

18.1.1. The total value of goods and services is more than R2 000 (two thousand rand) but below R30 000 (thirty thousand rand) inclusive of VAT. These thresholds shall, where possible, apply to the yearly-consolidated requirements of JPC; and

18.1.2. Goods and services are required from service providers on any panel of service providers approved by the appropriate Adjudication Committee, in which event the relevant provisions of this policy shall apply.

18.2. Such 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.

18.3. Should it not be possible to obtain three quotations, the reasons must be recorded in the relevant report including all relevant evidence and approved by the Chief Financial Officer or any delegated official.

18.4. In instances where it is not possible to obtain three quotations due to repairs work requiring stripping prior quoting such reasons as applicable must be recorded in the relevant report including all relevant evidence and supported by the General Manager: Supply Chain Management or the General Manager of Department as per their individual delegated authorities.

- 18.5. If there are frequent requirements, in respect of which the amount per individual transaction is less than R30 000 (thirty thousand rand) per user department, such requirements must be reflected in the acquisition plan for consolidation and a contract be established through a competitive bidding process.
- 18.6. Splitting of requirements with the sole intention of circumventing any of the procurement mechanisms listed is prohibited.
- 18.7. If a quotation was submitted verbally, the order may be placed only against written confirmation by the selected service provider.

19. Formal written price quotations

- 19.1. To ensure that transparent and equitable objectives are adhered to at all times when procuring different goods and service, JPC shall use the formal written quotation mechanism when:
 - 19.1.1. The total value of goods and services in more than R30 000 (ten thousand rand) up to R750 000 (two hundred thousand rand) (VAT Inclusive);
 - 19.1.2. All requirements in excess of R30 000 (thirty thousand rand) (including VAT) that are to be procured by means of formal written price quotations must, be advertised for at least seven days on the website, an official notice board of the municipality or municipal entity and on the e-tender portal;
 - 19.1.3. When using the list of accredited prospective providers CEO must promote ongoing competition amongst providers, including by inviting providers to submit quotations on a rotation basis;
 - 19.1.4. Offers received must be evaluated on a competitive basis taking into account unconditional discounts;

- 19.1.5. Offers below R30 000 (thirty thousand rand) (including VAT) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods or services and the most competitive price;
- 19.1.6. Acceptable offers above R30 000 (thirty thousand rand) (including VAT) are subjected to the preference points system and must be awarded to the most adhering or compliant responsive offer to the specifications;
- 19.1.7. CEO must take all reasonable steps to ensure that the procurement of goods and services through written or verbal quotations or formal written price quotations is not abused;
- 19.1.8. CEO must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub- delegation; and
- 19.1.9. Municipal entity requirements of proper record keeping must always be maintained.

20. Competitive bids and processes

20.1. Bid documents

20.1.1. The Bid documentation for a competitive bidding process must comply with the following criteria and: -

20.1.1.1. Take into account: -

- the general conditions of contract;
- any Treasury guidelines applicable on bid documentation; and
- the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;

- the minimum requirements for infrastructure procurement in accordance with the Standard for Infrastructure Procurement and Delivery Management, in the case of procurement relating to the provision of new infrastructure or rehabilitation, refurbishment or alteration of existing structures.

20.1.1.2. include the preference points system to be used, contract participation goals, evaluation and adjudication criteria, including any criteria required by other applicable legislation;

20.1.1.3. compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;

20.1.1.4. if the value of the transaction is expected to exceed R750 000 require bidders to furnish:-

- Annual Financial Statements (either audited, independently reviewed or independently prepared, in the case of owner managed companies) in accordance with the Companies Act, 71 of 2008, as amended and the Companies Regulations, 2011:
 - For the past three years; or
 - Since the establishment, if established during the past three years.
- a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipal entity or other service provider in respect of which payment is overdue for more than three months;

- 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;
- a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and

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

20.1.1.6. Sureties, performance guarantees and retention for the procurement of goods and services (including consultant services) will not generally be called for, but in exceptional circumstances, where required, will be in accordance with the limits set for construction works below. The performance guarantees required for construction works are as follows: -

AMOUNT (Incl. VAT)	PERCENTAGE
Up to R1 000 000	Nil
R1 000 001 to R10 000 000	5%
Above R10 000 000	10%

20.1.1.7. JPC requires a percentage of the project costs for all construction projects to be set aside in line with CIDB requirements or any other applicable

legislative prescripts. A 5% retention fee up to a maximum of 10% of the contract sum will be applied on all construction project contracts. Half of the retention amount will be released on issue of the completion certificate for the contract. The balance of the retention will be released on the completion of the defects liability period of the contract. All contracts must include a penalty clause.

20.1.2. For consultant services in respect of construction contracts, 10% retention is to be applied until the provision and acceptance of the final 'as-built' drawings.

20.2. Public invitations

20.2.1. The following procedures shall apply to the invitation of competitive bids:

20.2.1.1. Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of JPC and the notice board of JPC as well as the National treasury e-tender portal or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin).

20.3. Issuing of bid documents

20.3.1. The information contained in a public advertisement, must include:

20.3.1.1. the closure date for the submission of bids, which may not be less than 60 days in the case of a banking tender, or 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;

20.3.1.2. a statement that bids may only be submitted on the bid documentation provided by JPC; and

20.3.1.3. the date, time and venue of any proposed site meetings or briefing sessions, where applicable.

20.3.2. CEO may determine a closing 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 to adhere to the official advert period or closing period thereof.

20.3.3. All bids submitted must be sealed, unless otherwise stated in the bid invitation.

20.3.4. Where bids are requested in electronic format, such bids may be supplemented by sealed hard copies at the discretion of CEO.

20.3.5. In the case of a two-stage bidding process for transactions over R10 million (VAT included) a closing date of 30 days shall apply in respect of at least one of the stages whilst a closing date of 14 days shall apply to the other stage. The relevant JPC may determine which closing date period shall apply to which stage.

20.3.6. Bid documentation for a competitive bidding process must take into account:

20.3.6.1. the general conditions of contract and any special conditions of contract, if specified;

20.3.6.2. any Treasury guidelines on bid documentation; and

- 20.3.6.3. the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- 20.3.6.4. include the evaluation criteria, preference points system to be used as contemplated in the Preferential Procurement Regulations, 2022 and any criteria required by other applicable legislation;
- 20.3.6.5. compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted.

20.4. Site inspections

- 20.4.1. Site inspections / clarification meetings in respect of bids exceeding R750 000 (two hundred thousand) will, in general, not be compulsory. A site inspection / clarification meeting may be made compulsory with the approval of the Bid Specification Committee.
- 20.4.2. If site inspections / clarification meetings are to be held, full details must be included in the bid notice, including whether or not the site inspection/ clarification meeting is compulsory.
- 20.4.3. Where site inspections / clarification meetings are made compulsory, the date for the site inspection/clarification meeting shall be within 14 (fourteen) days after the bid has been advertised.
- 20.4.4. If at a site meeting / clarification meeting, any additional information is provided or clarification of vague points is given, such additional information or clarification must be provided to all bidders.

20.5. **Two stage bidding process**

22.5.1. A two-stage bidding process shall be used for: -

22.5.1.1. Large complex projects;

22.5.1.2. Projects where it may be undesirable to prepare complete detailed technical specifications; or

22.5.1.3. long term projects with a duration period exceeding three years.

22.5.2. 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.

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

22.5.4. At each of the stages, proposal/bidding documents above the quotation threshold must be approved by the Bid Specification Committee.

20.6. **Validity period**

20.6.1. Bid validity must be monitored and where applicable be extended appropriately.

22.6.2. The period for which bids are to remain valid, irrevocable and open for acceptance must be indicated in the bid documents.

22.6.3. Bids shall remain valid for acceptance for a period of twelve (12) months after the expiry of the original validity period, unless JPC is notified in writing of anything to the contrary by the bidder.

22.6.4. The validity of bids may be further extended by a period of not more than six months subject to mutual agreement and administrative processes and upon approval by CEO.

20.7. Samples

20.7.1. Where samples are called for in the bid documents, samples (marked with the bid and item number as well as the bidder's name and address) shall be delivered separately (to the bid) to the addressee mentioned in the bid documents.

20.7.2. Samples shall only be requested from preferred bidder(s).

20.7.3. Bids may not be included in parcels containing samples.

20.7.4. If samples are not submitted as required in the bid documents or within any further time stipulated by JPC in writing, then the bid concerned may be declared non-responsive.

20.7.5. Samples shall be supplied by a bidder at his/her own expense and risk. JPC shall not be obliged to pay for such samples or compensate for the loss thereof, unless otherwise specified in the bid documents.

20.7.6. If a bid is accepted for the supply of goods according to a sample submitted by the bidder, that sample will become the contract sample. All goods/materials supplied shall comply in all respects to that contract sample.

20.7.7. The return / disposal of samples shall be dealt with in accordance with the process set out in the procedure manual.

20.8. Communication with bidders before bid closing

20.8.1. The Bid Specification Committee may, if necessary, authorise communication with bidders prior to bids closing.

20.8.2. Any communication authorised by the Bid Specification Committee, which has implications or consequence for all tenderers, shall be in the form of a written notice and advertised

in the same manner in which the bid specification was advertised.

20.8.3. Such communication authorised by the Bid Specification Committee shall relate to administrative errors / clarification.

20.8.4. Any communication with bidders, before bid closing, that has the effect of amending / changing the bid specification or tender document shall be approved by CEO

20.9. **Closing of bids**

20.9.1. Bids shall close on the date and at the time stipulated in the notice.

20.9.2. For short term contracts (less than 12 months) and bids with an estimated value of less than R10 million (including VAT) for goods and services the bid closing date must be at least 14 (fourteen) days after publication of the notice.

20.9.3. For bids for construction works the bid closing date must be at least 30 (thirty) days after publication of the notice.

20.9.4. Notwithstanding the above, if the estimated contract value exceeds R10 million, or if the contract is of a long term nature with a duration period exceeding one year, then the bid closing date must be at least 30 (thirty) days after publication of the notice.

20.9.5. For proposal calls using a two envelope system, the bid closing date must be at least 30 (thirty) days after publication of the notice.

20.9.6. The bid closing date may be extended by the General Manager: Supply Chain Management if circumstances justify this action,

provided that all bidders that have drawn bid documents are notified of this decision in writing, and that the notice to this effect is attached to all bid documents subsequently issued. Any amendment to the bid closing date shall also be published on JPC's official website.

20.10. Late bids

20.10.1. A bid is late if it is not placed in the relevant bid box by the closing time for such bid.

20.10.2. A late bid shall not be admitted for consideration and shall be returned to the bidder upon request.

20.11. Handling, opening and recording of bids

20.11.1. The procedures for the handling, opening and recording of bids including Framework Contracts or panel and task orders, are as follows: -

20.11.1.1. Bids must be opened only in public; and

20.11.1.2. Bids must be opened at the same time and as soon as possible after the period for the submission of bids has expired.

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

20.11.3. CEO, or delegated official, must: -

20.11.3.1. record in a register all bids received in time;

20.11.3.2. make the register available for public inspection;

20.11.3.3. publish the entries in the register.

20.12. Notification and release of bidders information

22.12.1.1. The successful bids should made published on the notice board or on the website or e-tender portal within 7 days.

22.12.1.2. Bids are not available for perusal by public.

22.12.1.3. Any bidder should, when requesting in writing be provided with reasons why his/her bid was not successful

22.12.1.4. The reason why another bidder was unsuccessful should not be supplied

22.12.1.5. In compliance with Section 36 of the Promotion of Access to Information Act, No.2 of 2000, no itemised prices other than the formal contract of the successful bidder(s) should be supplied to competitors without prior consent of the relevant bidders.

20.13. Communication with bidder after bid closing

20.13.1. The BEC, through the SCM Department, will be allowed to request returnable documents from the bidder(s).

20.13.2. This request shall not apply to mandatory / disqualifying documents.

20.13.3. All requests are to be made in writing and copies of all communication is to be kept in the tender file.

20.14. Negotiations with preferred bidders

- 20.14.1. CEO may authorise the negotiation of the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation: -
- 20.14.1.1. does not allow any preferred bidder a second or unfair opportunity;
 - 20.14.1.2. is not to the detriment of any other bidder; and
 - 20.14.1.3. does not lead to a higher price than the bid as submitted.
- 20.14.2. Minutes of such negotiations must be kept for record purposes.
- 20.14.3. The multi-disciplinary team undertaking the negotiations must include a representative from SCM. The SCM practitioner must preside over the negotiations.
- 20.14.4. Authority to negotiate price and any conditions of tender with preferred bidder(s) must be approved by the Bid Adjudication Committee and the outcome of the negotiations must be reported back to the Bid Adjudication Committee for final approval or support.
- 20.14.5. Authority to negotiate price and any conditions of written or verbal quotations and formal written price quotations must be approved by an official who is sub-delegated in terms of supply chain management code of delegations approved by CEO. The outcome of the negotiations must be reported back to the duly delegated official for final approval.
- 20.14.6. The negotiations may include price and or final terms and conditions of tender, project plan and service level agreement.
- 20.14.7. Discount offers or alternate offers must be considered for negotiation after the Bid Adjudication Committee has granted

authority to consider any alternate or discount offers. Outcome of the negotiation together with the minutes of the negotiation meeting must be reported back to the Bid Adjudication Committee for final approval or support.

20.14.8. The aspirations for negotiations shall be determined by the Bid Evaluation Committee.

20.15. Appointment of a financial, transactional or technical advisor

20.15.1. Where appropriate, CEO may appoint financial, transactional or technical advisors with the purpose of providing relevant support during the complex procurement process.

20.15.2. Financial, transactional or technical advisors will not evaluate or recommends the bids.

20.15.3. For all transactions in excess of R750 000 (VAT included) a financial advisor or competent JPC official in the analysis of financial statements must be appointed in order to evaluate the audited financial statements which bidders are required to provide.

20.15.4. Financial, transactional or technical advisors shall prepare a report of the for consideration by relevant procurement committees. In instances where procurement committees do not consider the advice, reasons for rejection must be included in the relevant bid committee report.

20.16. Committee system for competitive bids

20.16.1. CEO is required to:

(a) Establish a committee system for competitive bids consisting of at least: -

- A Bid Specification Committee;
- A Bid Evaluation Committee; and

- A Bid Adjudication Committee.

(b) Appoint members of each committee taking into account section 117 of the Act; and

(c) provide for an attendance or oversight process by a neutral or independent observer, appointed by CEO, when this is appropriate for ensuring fairness and promoting transparency.

20.16.2. The composition of each committee system as well as the roles and duties of each committee systems is outlined in the JPC Procedure Manual.

20.17. Quorum and voting at committee meetings

20.17.1. Quorum must be confirmed at bid committee meetings in order to proceed with the business of the committee.

20.17.2. A quorum shall be 50% + 1.

20.17.3. A meeting register will be completed by those present at the beginning of any meeting of a bid committee. This will be used to determine whether the necessary quorum was attained to proceed.

20.17.4. No meetings, discussion or decision about bids will take place without quorum.

20.17.5. If a stalemate, deadlock or tie occurs with half of a committee voting in favour and half voting against a particular motion, the Chairperson is constitutionally empowered to register a casting vote in the best interest of JPC.

20.17.6. All full members of the committees have the right to vote. The Chairperson has a casting vote as well as a deliberate vote. Co-opted members have no right to vote.

20.18. Procurement of Consulting Services

- 20.18.1. JPC may procure consulting services provided that any Treasury Guidelines in respect of consulting services are considered when such procurements are made.
- 20.18.2. The relevant General Manager of Department must in the first instance prepare a motivation and seek permission from CEO for the procurement of consulting services in line with JPC's Cost Containment Policy.
- 20.18.3. Copyright in any document produced, and the patent rights and ownership in any plant, machinery, article, system or process designed or devised by a consultant during the consultancy service shall vest in JPC.
- 20.18.4. Where applicable, appointed consultants shall ensure that there shall be transfer of skills to JPC employees by providing a skills transfer plan and issuing a report on skills transfer to JPC's relevant Project Manager employees prior to project completion.

20.19. Procurement of IT related goods / services

- 20.19.1. The procurement of all of the IT related goods or services must be made in accordance with JPC's approved IT strategy.
- 20.19.2. CEO may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- 20.19.3. In the event that JPC requests SITA to assist in the acquisition of IT related goods, both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to SITA.
- 20.19.4. In the event CEO has requested assistance as contemplated above, 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).

20.19.5. If SITA comments on the submission and JPC disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the Board, the National Treasury, the relevant Provincial Treasury and the Auditor General.

20.19.6. The provisions of Clause 22.20.2 above is applicable to all procurement mechanisms and does not apply when JPC is utilizing transversal contracts secured by SITA.

20.20. Procurement of goods and services from Municipal Entities

20.20.1. A municipal service can be provided by the Municipal entity by entering into a Service Delivery Agreement in terms of Section 76(b)(i) of the MSA, with a municipal entity. The Municipal entity is responsible for monitoring and assessing the implementation of the agreement, including the performance of the service provider in accordance with section 41 of the MSA.

20.20.2. If a Municipal entity decides to provide a municipal service through a service delivery agreement with a municipal entity, this needs to be done in accordance with the provisions of section 76 and section 80 of the MSA, which outlines when the municipal entity shall use service delivery agreement without involving competitive bidding.

20.21. Procurement in terms of S110(2) of the MFMA

20.21.1. In accordance with S110(2) of the MFMA, the provisions of the SCM policy, except where specifically provided otherwise, does not apply if JPC or a municipal entity contracts with another organ of state for: -

20.21.1.1. The provision of goods and services to the municipality or municipal entity;

20.21.1.2. The provision of a municipal service or assistance in the provision of a municipal service;
or

20.21.1.3. The procurement of goods and service under a contract secured by that other organ of state, provided that the relevant supplier has agreed to such procurement.

20.21.1.4. The step-by-step process as set out in the JPC Procedure Manual, must be complied with when procuring in terms of S110(2) of the MFMA.

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

20.22.1. CEO 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.

20.22.2. Subparagraphs 22.21.1 (c) and (d) do not apply if: -

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

20.22.3. Before the municipal entity decides to become a participant in a contract secured by another organ of state, it must, as part of demand management, conduct a detailed analysis of the goods or services required.

20.22.4. When procuring infrastructure, the municipal entity must also compare for example, its topography or other features, to that of the other organ of state in order to ensure that the service provide will be able to deliver an acceptable standard.

20.22.5. Any procurement of goods and services under contracts secured by other organs of state must be approved by the Bid Adjudication Committee.

20.22.6. If the municipal entity wants to invoke the use of this regulation as part of its procurement strategy for competitive bidding process, the municipal entity must ensure that procurement of such goods and services is part of the procurement plan for applicable financial period.

20.22.7. The Municipal entity must conclude its own contract with the service provider.

20.23. Procurement of goods necessitating special safety arrangements

20.23.1. 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.

20.23.2. 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 CEO.

20.24. Procurement from National Treasury Transversal Term Contract

20.24.1. Municipal entity's may participate in a transversal term contract facilitated by National Treasury, or relevant Provincial Treasury. When considering participating in a transversal contract, both designated Line Department and Supply Chain Management Unit must apply the following: -

(a) Confirm the transversal contract meets the directive of supply chain management;

(b) Ensure requirements are identified and committed through demand and procurement planning.

- (c) Ensure adequate budget for the transversal term contract is available.
- (d) Ensure transversal term contract meets the technical specifications and quantities of the department.
- (e) Where necessary determine the special condition of the contract.
- (f) Obtain transversal term contract from National Treasury.
- (g) User departments are to notify and obtain guidance from Group Legal and Contracts and the Supply Chain Management Departments when procuring through the transversal term contract.
- (h) User departments are to monitor supplier performance and report any non-compliance to the National Treasury for corrective action.

20.25. Public-Private Partnerships

20.25.1. The municipal entity may enter into a public-private partnership agreement, but only if the municipal entity can demonstrate that the agreement will:

- 20.25.1.1. Provide value for money to the municipal entity;
- 20.25.1.2. Be affordable for the municipal entity; and
- 20.25.1.3. Transfer appropriate technical, operational and functional risk to the private party.

20.25.2. A public-private partnership agreement must comply with the prescribed regulatory framework for public-private partnerships.

20.25.3. If the public-private partnership involves the provision of a municipal service, Chapter 8 of the MSA must also be complied with.

20.25.4. Before a public-private partnership is concluded, the municipal entity must conduct a feasibility study that: -

- (a) Explains the strategic and operational benefits for the public-private partnership for the municipal entity in terms of its objectives;
- (b) Describe in specific terms:
 - i. the nature of the private party's role in the public-private partnership;
 - ii. the extent to which this role, both legally and by nature, can be performed by the private party; and
 - iii. how the proposed agreement will: -
 - (aa) provide value for money to the municipal entity; (bb) be affordable for the municipal entity;
 - (cc) transfer appropriate technical, operations and financial risks to the private party; and
 - (dd) impact on the municipal entity's revenue flows and its current and future budgets.
- (c) Takes into account all relevant information; and
- (d) Explains the capacity of the municipal entity to effectively monitor, manage and enforce the agreement.

20.25.5. When a feasibility study has been completed, the accounting officer must: -

- (a) Submit the report on the feasibility study together with all other relevant documents to the board for a decision, in principle, on whether the municipal entity should continue with the proposed public-private partnership;
- (b) At least 60 days prior to the meeting of the board at which the matter is to be considered, in accordance with section 21A of the MSA: -
 - i. Make public particulars of the proposed public-private partnership, including the report on the feasibility study; and
 - ii. Invite the local community and other interested

persons to submit to the municipal entity comments
or

representations in respect of the proposed public-private partnership; and

(c) Solicit the views and recommendations of:

- i. The National Treasury;
- ii. The national department responsible for local government;
- iii. If the public-private partnership involves the provision of water, sanitation, electricity or any other service as may be prescribed, the responsible national department; and
- iv. Any other national or provincial organ of state as may be prescribed.

20.26. Contracts providing for compensation based on turnover

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

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

20.26.2. The specifications for all such contracts must also be approved by the Bid Specification Committee.

20.27. Sponsorships

20.27.1. CEO 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.

20.28. Unsolicited bids

- 20.28.1. In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- 20.28.2. CEO 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 CEO.
- 20.28.3. If CEO decides to consider an unsolicited bid that complies with sub paragraph (2) above, 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.
- 20.28.4. All written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, must be

submitted to the National Treasury and the relevant provincial treasury for comment.

20.28.5. The process to be followed by the bid adjudication committee when considering an unsolicited bid is outlined in the JPC Procedure Manual.

20.29. Sole suppliers

20.29.1. Procuring goods and services from sole suppliers occur when: -

- (a) Only one service provider manufactures or renders goods and services due to the unique nature of the requirements;
- (b) Goods and services already in JPC's value chain / employ are only supplied by an Original Equipment Manufacturer (OEM) or by a licensed agent thereof; or
- (c) There is a requirement for compatibility, continuity and/or alignment.

20.29.2. Authorised agents must produce: -

- (a) An appropriate letter from the relevant OEM before the award is made; and
- (b) Documentary evidence confirming its status as a licensed owned agent.

20.29.3. To ensure transparency and fairness all requirements categorised to be sourced from sole service providers shall be advertised for at least 14 calendar days.

20.30. Utilisation of approved panels of service providers

20.30.1. JPC's established panel of service providers will be utilised as far as possible, on a rotational basis to allow all providers on the panel fair and equal opportunity to compete for JPC's business.

20.30.2. In the event of the appointment of service providers on any panel approved by the appropriate authority and subject to the conditions of approval by that authority, the preferred bidder shall be appointed by the relevant Bid Adjudication Committee, after having obtained quotations from all of the service providers in that category of goods and services of the approved panel of service providers: provided that: -

20.30.2.1. the utilisation of the panel is in accordance with the terms and conditions of the award and the approved service providers shall be afforded at least three days to provide their quotations;

20.30.2.2. in the event of the appointment of attorneys and similar professional services and other services where rates can be standardised, it shall not be necessary to obtain three quotations, on condition that as far as possible attorneys shall be appointed on a rotational basis from an established panel;

20.30.2.3. in the event of pre-determined rates that are standardised, allocation of work will be on a rotational basis to ensure fair and equitable distribution of work to the respective service providers.

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

20.31.1. Deviations from the procurement processes contained in this Policy are not encouraged and shall only be allowed in the circumstances provided for in this paragraph.

20.31.2. CEO 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:

- (aa) in an emergency;
- (bb) if such goods or services are produced or available from a single provider only;
 - for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - acquisition of animals for zoos and/or nature and game reserves; and
 - in any other exceptional case where it is impractical or impossible to follow the official procurement processes;
- (cc) in instances where it relates to event specific procurement by municipal entities which renders it impractical or impossible to follow the official procurement processes.

- (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.

20.31.3. All service providers, who provide goods or services through a deviation process are to provide the documents outlined in clause 22.1.1.4 above.

20.31.4. Circumstances when deviation can be used as well as the process to be followed for a deviation is as contained in the JPC Procedure Manual.

20.32. Rejection of bids / non-responsive bids

20.32.1. Bidding documents must provide for the rejection of all bids if and when deemed necessary. This is justified when there is lack of effective competition or bids are not substantially responsive,

provided that lack of competition should not be determined solely on the basis of the number of bidders.

- 20.32.2. If all bids were rejected, JPC must review the causes justifying the rejection and consider making revisions to the specific conditions of contract, design and specifications, scope of the contract, or a combination of these, before inviting new bids.
- 20.32.3. If rejection is due to lack of competition, wider advertising should be considered.
- 20.32.4. If the rejection was due to most or all of the bids being non responsive, new bids may be invited from the initially pre-qualified bidders, or with the agreement of CEO, from only those that submitted bids in the first instance.
- 20.32.5. All bids should not be rejected solely for the purpose of obtaining lower prices to the extent to which the provisions of the Preferential Procurement Regulations, 2022 are complied with. If the lowest evaluated responsive bid exceeds JPC's pre- bid cost estimates by a substantial margin, JPC must investigate the causes for the excessive cost and consider requesting new bids as described above.
- 20.32.6. CEO's prior approval must be obtained before rejecting all bids, soliciting new bids, or entering into negotiations with the identified preferred bidder. This approval should be recorded for auditing purposes.
- 20.32.7. JPC should report to the Provincial Treasury when a bid is cancelled for the second time.

20.33. Cancellation and re-invitation of bids

- 20.33.1. A bid may be cancelled, prior to the award of the contract, if: -

- 20.33.1.1. Due to changed circumstances, there is no longer a need for the goods or services or construction works requested;
 - 20.33.1.2. Funds are no longer available to cover the total envisaged expenditure;
 - 20.33.1.3. No acceptable bids are received;
 - 20.33.1.4. There is a material irregularity in the tender process; or
 - 20.33.1.5. If negotiations have failed with the tenderers up to and including the tenderer scoring the third highest points where the prices offered is not market related.
- 20.33.2. If it becomes necessary to cancel or re-advertise formal bids, then a report to this effect shall be submitted to the Bid Adjudication Committee for decision. A tender may be cancelled for a second time without the prior approval of the relevant Treasury.
- 20.33.3. If a bid has been cancelled, then all bidders must be notified in writing.
- 20.33.4. A decision to cancel a bid in terms of clause 22.33.2 above, must be published in the media in which the original bid invitation was advertised.
- 20.33.5. Unless no acceptable bids have been received, no bid may be re-advertised before the Bid Adjudication Committee has resolved to cancel the original bid and all bidders have been notified accordingly.
- 20.33.6. For construction related projects a cooling off period of six months period is to be adhered to unless permission is sought and granted by CIDB.
- 20.33.7. The cancellation of construction related projects must also be advertised on the CIDB website.

21. Blocking of suppliers

21.1. JPC will establish a database of suppliers and /or persons prohibited from doing business with JPC. This database may include: -

21.1.1. any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector;

21.1.2. any prospective provider or any of its directors have not been found guilty of abuse of any abuse of any SCM system, corruption or fraud in the past five years; and

21.1.3. Non-performing and / or under-performing suppliers.

21.2. JPC reserves the right to reject bids from any supplier listed in the database.

22. Blacklisting of suppliers

22.1. The Committee must prepare a report to CEO with recommendations of supplier to be listed on the National Treasury's list of restricted suppliers and JPC's internal database of prohibited suppliers, where applicable.

22.2. A decision to blacklist a supplier, and the reasons informing such a decision, must be made public, including being made available on JPC's website.

22.3. Any supplier blacklisted may appeal such decision through the Office of CEO.

Part 3 – Disposal, Risk, Consequence, Contract and Performance Management

23. Disposal Management

23.1. The goal of disposal management is to give effect to Regulation 40 of the Supply Chain Management Regulations which requires an effective system for the disposal or letting of assets including unserviceable, redundant or obsolete assets, and the Municipal Asset Transfer Regulations, subject to sections 14 and 90 of the MFMA and any other applicable legislation.

23.2. Assets may be disposed of by: -

23.2.1. transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;

- 23.2.2. transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
- 23.2.3. selling the asset; or
- 23.2.4. destroying the asset.

23.3. CEO must establish the disposal committee.

23.4. The disposal committee must ensure that:-

- 23.4.1. immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- 23.4.2. 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;
- 23.4.3. 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;
- 23.4.4. immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
- 23.4.5. all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- 23.4.6. where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- 23.4.7. in the case of the free disposal of computer equipment, a report is to be prepared motivating the need for same to be disposed in accordance with local community needs. This report needs to be approved by CEO before disposal can take place.

23.5. The complete process to be followed shall be in accordance with the JPC Procedure Manual.

24. Risk Management

- 24.1. CEO must ensure an effective system of risk management for the identification, consideration and avoidance of potential risks in the supply chain management system.
- 24.2. 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.

25. Consequence Management

- 25.1. In order to prevent the abuse of the SCM processes of JPC by internal or external parties, JPC will adopt a system of consequence management.
- 25.2. In order to ensure effectiveness and efficiency in supply chain management processes, CEO will, from time to time, issue direct instructions to bid committees to comply with specific dates to conclude their matters.
- 25.3. Failure to conclude bids on time will be regarded as POOR PERFORMANCE by the Bid Committee and this will warrant that consequence management be implemented.
- 25.4. Failure to carry out a lawful instruction issued by CEO, will be regarded as INSUBORDINATION by the Bid Committee and this will warrant that consequence management be implemented.
- 25.5. In addition to the stipulations of this section, CEO must provide further measures for the combatting of abuse of the SCM system. CEO is provided with the authority to: -
 - 25.5.1. take all reasonable steps to prevent such abuse;

- 25.5.2. refer any allegations of abuse against officials or any other role player for investigation;
 - 25.5.3. take appropriate action against officials or other role players, including the reporting of any alleged misconduct to the South African Police Service; and
 - 25.5.4. must report such cases to JPC Board.
- 25.6. Any officials that have adverse findings against them relating to the abuse of the SCM system will be prohibited from taking part in any procurement processes. This section is not applicable to adverse findings related to mistakes made in good-will during the normal execution of duties.
- 25.7. Participation by such officials in SCM processes will automatically result in that process being put under review, and the process may be invalidated.
- 25.8. Participation by such officials will result in further appropriate disciplinary steps: -
- 25.8.1. against the offending official if the offending official was found to have misled the party making the decision to include them in the process; or
 - 25.8.2. against the offending official and the party that made the decision to include the offending official if the decision-making party should have reasonably known that the offending official must have been excluded from the process.
- 25.9. Where the bids exceeds a total value in excess of R5 million, JPC must conduct a probity process as outlined in clause 7.7 above.
- 25.10. JPC reserves the right to cancel a contract awarded to a bidder if it is found that: -
- 25.10.1. the bidder committed any abuse of the SCM system during the bidding process or the execution of the contract; or
 - 25.10.2. any official or other role player committed any corrupt or fraudulent act during the bidding or in the execution of the contract that benefited the person.

25.11. CEO must inform National Treasury, in a timely manner, of any decisions taken in terms of Clause 29.7.

25.12. If an official or director of a company holds a position in a political party or a company does business with a political party, that official or bidder must make a declaration of such relationship if the company is bidding for a contract.

25.13. If a bidder that has ties to a political party through either doing business with that party or an official of JPC that participates in the SCM process, that bidder must be subjected to a probity investigation before any bid may be awarded to that bidder.

26. Contract and Performance Management

26.1. Contract guidelines

26.1.1. The provisions of this paragraph is not an exhaustive description of contract administrative activities and some tasks may not be carried out in the sequence presented, and may be done concurrently with other tasks or may not be necessary in some circumstances.

26.2. Appointing of a contract / project manager

26.2.1. End User Departments shall appoint a contract / project manager in accordance with the delegations of powers to monitor contracts.

26.2.2. Where contract / project management duties do not form part of the employees normal working duties, a formal appointment letter shall be provided and signed in accordance with the delegation of powers.

26.3. Duties and powers of a contract / project manager

26.3.1. The contract / project manager's duties and powers shall be governed by the applicable conditions of contract, this policy, any frameworks and procedures relating to contract management.

26.3.2. A contract / project manager: -

26.3.2.1. must ensure that the contractor fulfils its obligations and complied with its liabilities under the contract. The contract manager must further ensure that the contractors are treated fairly and honestly.

26.3.2.2. Any non-compliance with the terms of the contract and any non-delivery or anticipated non-delivery or breaches must be reported to CEO in writing immediately.

26.3.2.3. must be fair to the parties to the contract when required to make decisions or form an opinion in respect of the contract, whilst always acting in the best interests of the Municipal entity.

26.3.2.4. ensure that all the necessary formalities in the signing up of the contract and/or issuing the purchase order(s) are adhered to.

26.3.2.5. ensure that contracts related to the procurement of goods and/or services and/or works are captured on the appropriate financial management system.

26.3.2.6. must where appropriate, authorise payments due in terms of the contract by processing payment certificates (if applicable), and ensuring that the necessary Service Entry Sheets or Goods Received Notes are captured on the appropriate financial management system.

26.3.2.7. must manage amendments, variations and procedures in terms of the contract.

26.3.2.8. must conduct a post contract review.

26.3.2.9. must maintain accurate and detailed records to create an audit trail.

26.3.3. Both parties adhering to the agreed terms will result in: -

- (a) Value for money;
- (b) Timelines being adhered to;
- (c) Cost effectiveness; and
- (d) Proper contract performance.

26.4. Contract Price Adjustment

26.4.1. CEO or delegated official may consider allowing price adjustment contracts based on escalation if it is for the benefit of JPC.

26.4.2. Where CEO or delegated official resolve to allow price escalation as part of the contract, this should be specified in bid documents, including the formula and the timeframes at which intervals price adjustments should be considered.

26.4.3. Where municipal entity advertise bids which might involve imported contents, whether wholly or partially, the Rate of Exchange (ROE) and future fluctuations should be considered.

26.4.4. The decision between JPC and the bidder on who should absorb the fluctuation of a currency should be taken after risk assessment is performed.

26.4.5. The price adjustments due to fluctuations in the exchange rate of ROE should indicate the dates and period of affect issued by the Reserve Bank of South Africa at 12:00 of the specified date.

26.5. Performance Monitoring of Service Providers

26.5.1. The performance of service providers that have been selected to provide assistance in the provision of a municipal service, otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies, is required, by Section 116 of the Municipal Finance Management Act, to be monitored and reported on.

26.5.2. Performance monitoring for service providers who are in the panel will only be conducted when they have been issued with work orders to perform some work through a rotation process.

26.5.3. In monitoring the performance of service providers, the following must be taken into account:-

- 26.5.3.1. timely delivery of goods and services;
- 26.5.3.2. quality of goods and services delivered;
- 26.5.3.3. cost-effectiveness of the process (i.e. value for money);
- 26.5.3.4. compliance with all aspects of the contract;
- 26.5.3.5. whether desired objectives have been achieved;
- 26.5.3.6. compliance with procedural requirements; and
- 26.5.3.7. deviations from procedures, and if so, reasons for deviations.

26.5.4. All service providers or prospective service providers must be made aware of:

26.5.4.1. the requirement for the assessment and reporting of a service provider's performance;

26.5.4.2. the use of the service provider performance reports when evaluating service providers for registration, pre-qualification, selective tender list, expressions of interest or awarding of a contract; and

26.5.4.3. the exchange of information on service provider performance reports between government units and/or departments.

26.5.5. Monitoring of performance against contract must also include skills transfer to municipal entity in line with the roles and responsibilities.

26.5.6. The appointed service provider must be given the opportunity to discuss the performance criteria with the Implementing Department before commencement of the contract.

26.5.7. Any changes to the performance criteria must be agreed to by the Municipal entity and the service provider.

26.5.8. The decision to change a performance criteria after commencement of a contract is the responsibility of the Line department.

26.5.9. These amendments must be signed by the service provider and the client and implementing department and attached to the contract or service delivery agreement.

26.5.10. A service provider's performance must be assessed in the context of the project as a whole. The respective roles and obligations of the Municipal entity and service provider under the contract must be taken into account.

- 26.5.11. JPC will keep a database of non-performing and underperforming suppliers.
- 26.5.12. Non-performing suppliers may be excluded from qualifying for bids from JPC for a period of five years following an adverse finding against such supplier.
- 26.5.13. Under-performing suppliers, if the under-performance could reasonably be deemed to be material, may be excluded from qualifying for bids from JPC for a period of three years following an adverse finding against such supplier.
- 26.5.14. In the case of companies, all directors of the company must be registered individually on the database of non-performing or under-performing suppliers, and no companies in which those individuals have directorship may be disqualified from doing business with JPC for a period of up to five years.
- 26.5.15. All companies or individuals registered on the database will be allowed to appeal the decision to place them on the database. Such appeals must be directed to the Blacklisting Committee, who must conduct an independent investigation into the matter.
- 26.5.16. Malicious reporting on the performance of service providers with the intent to exclude such service providers from qualifying for doing business with JPC is deemed a serious offence. Any officials found to have acted maliciously in reporting on performance of service providers may be subjected to a disciplinary procedure

26.6. Cession and assignments of agreements and transfer of payments

- 26.6.1. Cession refers to the transfer of only the rights a service provider has in terms of a contract from it to a third party.

26.6.2. JPC and its entities shall in no way whatsoever consider or consent to any request for cession of contract to any third party, except in accordance with 30.7.3 below.

26.6.3. JPC and its entities shall only consider or consent to any cession for transfer of any payment due to the Service Provider in accordance with clause 30.7.4.

26.6.4. Cession shall only be applicable as follows: -

26.6.4.1. To the transfer of the right to payment for services rendered by a service provider to a Financial Service Provider or to a state institution established for the express purpose of providing funding to businesses and entities;

26.6.4.2. The written request for cession must be made by the service provide and not a third party; and

26.6.4.3. The written request by the service provider must be accompanied by the cession agreement.

26.6.5. Assignment refer to the transfer of rights and obligations in a contract from an assigner to an assignee. JPC will not consider assignment of any contracts as this is contrary to section 217 of the Constitution.

Part 4 – Other matters

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

27.1. CEO must ensure that, irrespective of the procurement process followed, no award above R15 000 is given to a person whose tax matters have not been declared by the South African Revenue Service to be in order.

27.2. If a municipal entity/ municipal entity is in possession of a supplier's original valid tax clearance certificate or Tax Compliance Status with a PIN number through National Treasury Central Supplier Database, it is not necessary to obtain a new tax clearance certificate or a TAX compliance status with a PIN number each time a price quotation or bid is submitted from that specific supplier. This provision may be applied only if the closing date of the price quotation or bid falls within the expiry date of the tax clearance certificate or a Tax compliance status with a PIN number that is in the municipal entity's / municipal entity's possession including but not limited to Central Supplier Database record. Cross-reference must be made to the original tax clearance certificate or Tax compliance status with a PIN number for audit purposes.

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

28.1. CEO must ensure that irrespective of the procurement process followed, no award may be given to a person in terms of this Policy:

- 28.1.1. employees of the municipality and municipal entity;
- 28.1.2. employees of national and provincial spheres of government;
- 28.1.3. employees of constitutional institutions in terms of schedule 1 of PFMA;
- 28.1.4. employees of major public entities in terms of schedule 2 of PFMA;
- 28.1.5. employees of other public entities in terms of schedule 3 of PFMA;
- 28.1.6. if that person is not a natural person, of which any executive director, is a person in the service of the state;
- 28.1.7. a person who is an advisor or consultant contracted with the municipality or municipal entity;
- 28.1.8. a Board or of the municipal entity appointed through the Municipal Structures Act; or
- 28.1.9. any other person not specifically mentioned above but whom receives a remuneration and is subject to the conditions of employment of such entities outlined above.

28.2. Ward Committee Members receiving remuneration from the municipal entity but are not subject to the conditions of employment are not considered to be in the service of the state.

28.3. The municipal entity further reserves its rights to immediately cancel any contract if such conflicts are discovered after the award of a contract.

29. Awards to persons / entities whose municipal accounts are in arrears

29.1. Should a bidders municipal account be in arrears for more than 90 days, the bidder will be disqualified from the evaluation process.

30. Awards to close family members and friends of persons in the service of the state

30.1. The awarding of contracts by officials in decision-making positions to close family members or friends shall not be allowed. To this extent, all relevant officials shall make full disclosure of businesses owned by close family members and / or friends on an annual basis and no such officials shall directly or indirectly be involved in the awarding of such business transactions.

30.2. Should officials in the employment of JPC of Johannesburg fail to make the disclosure outlined in 32.1 and it is found that any contract is awarded to a bidder that is closely related to an official, CEO is mandated to take disciplinary action against the official.

30.3. CEO 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, which particulars shall include:

30.3.1. the name of that person;

30.3.2. the capacity in which that person is in the service of the state;

and

30.3.3. the amount of the award.

31. Objections and complaints

- 31.1. Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action to CEO.
- 31.2. If aggrieved person(s) request a copy of tender submission(s) a non-refundable administrative charge of R500.00 shall be applicable if hard copies of tender submission(s) are to be obtained from the Municipal entity.
- 31.3. Unsuccessful bidders notice must be published on the website of the Municipal entity stating reasons for being unsuccessful

32. Resolution of disputes, objections, complaints and queries

- 32.1. CEO must appoint an independent and impartial person, not directly involved in the supply chain management processes:
 - (a) to assist in the resolution of disputes between the Municipal entity 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.
- 32.2. CEO, or another official designated by CEO, is responsible for assisting the appointed person to perform his or her functions effectively.
- 32.3. The person appointed must: -

(a) strive to resolve promptly all disputes, objections, complaints or queries received; and

(b) submit monthly reports to CEO on all disputes, objections, complaints or queries received, attended to or resolved

32.4. 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.

32.5. 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.

32.6. This paragraph must not be read as affecting a person's rights to approach a court at any time.

32.7. Reports on appeals are to be included in the normal SCM monthly, quarterly and annual reports.

33. Municipal Cost Containment Regulations

33.1. The non-adherence to provisions of the Municipal Cost Containment Regulations will be an act of financial misconduct as defined in section 171 and 172 of the MFMA and municipal entity's and municipal entities will have to implement the provisions of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

CHAPTER 3 – COMBATING ABUSE OF THE SUPPLY CHAIN MANAGEMENT SYSTEM

34. In order to prevent the abuse of the SCM processes of JPC by internal or external parties, CEO is provided with the authority to:

34.1. take all reasonable steps to prevent such abuse;

34.2. investigate any allegations against an official, or other role player, of abuse and when justified, to:

- 34.2.1. take appropriate steps against such official or other role player;
or;
 - 34.2.2. report any alleged criminal conduct to the South African Police Service or any other recognised authority.
- 34.3. The steps referred to in clause 38.2.1 above which CEO may take include:
- 34.3.1. reject any bid from a bidder:
 - 34.3.1.1. if any municipal rates and taxes or municipal service charges owed by the bidder, or any of its directors, to JPC or any of JPC's municipal entities, or any other municipality or municipal entity, are in arrears for more than three months;
or
 - 34.3.1.2. who during the last five years has failed to perform satisfactorily on a previous contract with JPC or its municipal entities or any other organ of state after written notice was given to that bidder that performance was unsatisfactory.
 - 34.3.2. reject a recommendation for the award of a contract if:
 - 38.3.2.1 the recommended bidder, or any of its directors has committed any abuse of the supply chain management system in competing for the particular contract.
- 34.4. cancel a contract (and enforce all contractual remedies) awarded to a person if:
- 34.4.1. the person committed any abuse of the supply chain management system during the bidding process or the execution of the contract;
 - 34.4.2. an official or other role player committed any corrupt or fraudulent act during the bidding or in the execution of the contract that benefited that person;

- 34.4.3. a material irregularity vitiates the procurement process leading to the conclusion of the contract, rendering the procurement process and the conclusion of the resulting contract unfair, inequitable, non-transparent, uncompetitive or not cost-effective, provided CEO;
- 34.4.4. affords the person a reasonable opportunity to make representations on whether the contract should be cancelled; and
- 34.4.5. takes into account all relevant considerations in exercising his discretion whether to cancel the contract, including the following factors (none in itself necessarily determinative):
 - 34.4.5.1. the commercial consequences of cancellation for the parties to the contract;
 - 34.4.5.2. the extent of the parties' reliance on the lawfulness of the procurement process, the award of the tender, and the conclusion of the contract;
 - 34.4.5.3. the degree to which the successful bidder is implicated in the irregularity invoked for cancelling the contract, or has been an innocent victim of irregularity attributable to public officials or third parties;
 - 34.4.5.4. any adverse consequences for the general public or to the public interest consequent on the cancellation of the contract;
 - 34.4.5.5. the extent and duration of the contract concerned;
 - 34.4.5.6. whether JPC is likely to conclude a similar agreement with another person within a specific time frame;
 - 34.4.5.7. the extent to which the agreement has been executed;
 - 34.4.5.8. the urgency of the services to be delivered or supplied in terms of the contract;

- 34.4.5.9. whether extreme costs will result from cancellation; and
- 34.4.5.10. any other factor which, in the opinion of CEO, is relevant to the cancellation of the contract.

35. Automatic rejection of bid

35.1. CEO may automatically reject the bid of any bidder or any of its directors who:

35.1.1. abused the supply chain management system of JPC or its municipal entities, or has committed any improper conduct in relation to this system;

35.1.2. has been convicted of fraud or corruption during the past five years;

35.1.3. willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years;

35.1.4. has been listed on the National Treasury's Register for Tender Defaulters in terms of the Prevention and Combating of Corrupt Activities Act, 12 of 2004;

- 35.1.5. has been listed on the National Treasury's Database for Restricted Suppliers as a person prohibited from doing business with the public sector;
 - 35.1.6. has been found guilty of contravening the Competition Act; and/or
 - 35.1.7. any other basis listed in the Supply Chain Management Policy.
- 35.2. CEO may invalidate any recommendations or decisions that were unlawfully or improperly made, taken or influenced, including recommendations or decisions that were made or in any way influenced by:
- 35.2.1. Board in contravention of item 5, 6 or 9 of the Code of Conduct for Board set out in Schedule 1 of the Municipal Systems Act; or
 - 35.2.2. Municipal officials in contravention of item 4, 5 or 8 of the Code of Conduct for Municipal Staff Members set out in Schedule 2 of the Municipal Systems Act;
- 35.3. CEO may list a person or any of its representatives (if applicable) on JPC's Register of Tender and Contract Defaulters (subject to the procedures and for periods as described in this Policy).
- 35.4. CEO, or the General Manager: Supply Chain Management, must inform the National and Provincial Treasury of any actions taken in terms of clauses 39.2.2 above.
- 35.5. CEO shall revoke access to the e-Procurement system in the event that the supplier is restricted in terms of the Supply Chain Management Policy.

36. Municipal register of tender and contract defaulters

- 36.1. CEO must take all reasonable steps to ensure that no recommended bidder, or any of its directors is listed on the National Treasury's Database of Restricted Suppliers and Register for Tender Defaulters 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.

37. Handling of proprietary information

- 37.1. All information designed and prepared for JPC is deemed as proprietary. No such information may be distributed, modified or customized for third parties without written permission.
- 37.2. All information pertaining to service providers shall be treated confidential.
- 37.3. In appropriate instances, JPC may require security clearance and confidentiality agreements to be entered into with service providers.

CHAPTER 4 – PREFERENTIAL PROCUREMENT

38. Planning and stipulation of preference point system to be utilised

- 38.1. In accordance with the Preferential Procurement Regulations, 2022, to the extent that price points awarded for the specific goal of the tender becomes the basis for preference for one bidder over the other shall not apply when appointing bidders onto a panel of service providers. Preferential Points system shall apply when a service provider appointed onto the panel is requested to submit quotations. In the case where a fixed or standardised rates are agreed upon by all members of the Panel no further preferential elimination shall apply and service providers shall be utilised on a rotational basis.

39. Evaluation of bidders on functionality

39.1. All bids that have a functionality aspect must adhere to the following: -

39.1.1. The invitation to bid must indicate that the bid will be evaluated on functionality.

39.1.2. Bid invitation should clearly stipulate that the bid will be evaluated on functionality in order to give prospective bidders insight to the evaluation criteria and an understanding that the bidder will be required to demonstrate certain level of functional competence in order to compete effectively for the requirement for which a bid has been invited.

39.1.3. The bid document must indicate the evaluation criteria for measuring functionality. All the functional elements that will form part of the evaluation should be specified. Such elements should be quantifiable and measurable and clear guidelines in terms of how such are going to be evaluated should be given in order to ensure that the evaluation panel has a common understanding on how to evaluate and score bidders on functionality.

39.1.4. The bid document must indicate the weight for each criterion. Each functionality element must be allocated a weight and such must be in accordance with the significance of that element in relation to the totality of the functionality aspect. In essence, each element must be allocated a weight that demonstrates its worth relative to other elements that are going to be evaluated.

39.1.5. The applicable values as well as the minimum threshold for functionality. The range of values that are going to be utilized in the computation of the scores must be stipulated upfront and no deviations should be allowed once such has been decided even though such a deviation might not affect the final outcome.

39.1.6. The minimum participation threshold that a bidder must obtain for functionality in order to be considered for further evaluation must be outlined in the bid document and all bidders who do not meet the stipulated threshold must be disqualified. Scores for

functionality must be expressed to two decimal places.

- 39.2. All bids that do not have functionality element shall be evaluated and adjudicated on a straight 90/10 and 80/20 preference point system respectively, where 90 or 80 points will be for price and the 10 or 20 points will be awarded for the specific goal of the tender in accordance with the Preferential Procurement Regulations, 2022.
- 39.3. The assessment of functionality must first be done in terms of the evaluation criteria and the minimum threshold stipulated in the bid invitation. In other words, bids must first be evaluated and scored on the functionality elements.
- 39.4. Only those bidders that meet the minimum threshold shall be considered for the subsequent stages of the evaluation process and all those who did not meet the minimum threshold shall be disqualified and not considered further.
- 39.5. The outcome of the evaluation of functionality no longer has a bearing on the subsequent stages of the evaluation process for all those bidders that have met the set minimum threshold.

40. The 80/20 and 90/10 preference point system for the acquisition of goods and/or services

The formulae for the 80/20 and 90/10 preference points system are as follows:

(a) the price in respect of bids (including quotations) with an estimated Rand value of greater than R30 000 and up to a Rand value of R50 000 000 (all applicable taxes included):

(b) the price in respect of bids (including price quotations) with an estimated Rand value of greater than R50 000 000 (all applicable taxes included):

Where:

$$Ps = 80 [1 - (Pt - Pmin)]$$

Pmin

$$Ps = 90 [1 - (Pt - Pmin)]$$

Pmin

Where:

Ps = Points scored for comparative price of the bid under consideration;

Pt = Comparative price the bid under consideration; and

Pmin = Comparative price of the lowest responsive bid.

41. Award of contracts to bidders not scoring the highest number of points

- 41.1. Tender(s) received need to be evaluated in terms of the preference point system first. Once the highest points scorer has been ascertained only then the targeted procurement will be applied. Targeted Procurement will justify the award of tender to a tenderer with lower preference points score.
- 41.2. Targeted Procurement Criteria will be applied, where feasible, on a tender-by-tender basis.
- 41.3. In an event where a tender with the highest number of preference points score does not meet the targeted procurement criteria set for the specific tender, then the next responsive tender with a lower preference points score and who meets targeted procurement criteria must be considered for the award of a tender.
- 41.4. If the tendered price of the next responsive tender who meets the targeted procurement criteria is too high than that of a tender with a highest number of preference points score, the organ of state must ensure that a cost effective price is derived through employing one of the following options through a negotiation process with the preferred bidder:
 - (a) That the next responsive tender who meets targeted procurement criteria accepts the lowest responsive price of a tender that did not meet the targeted procurement criteria

OR

(b) That the next responsive tender accepts a tender price that is market related as was determined by the Municipal entity through the budgeting process of the tender itself.

41.5. Where negotiations fail the Municipal entity reserves the right to cancel the tender or consider the highest scoring bid in terms of preference points scoring.

42. Local production and content / proudly South African campaign

42.1. The General Manager: Supply Chain Management shall, on behalf of JPC, submit to the Department of Trade, Industry and Competition all bids with a stipulated minimum threshold on local content. The Proudly South African Campaign shall be fully supported and will as far as practical seek to award business to service providers with high local content in their products and services.

42.2. When a bid specification committee compiles the technical specifications for a particular requirement, the technical specifications must consider the requirements of the Preferential Procurement Regulations, 2022, in relation to the procurement of goods and services that have been designated for local production and content.

43. SMME Empowerment

43.1. JPC may take a strategic position to empower designated groups through the following measures: -

43.1.1. Obligating large contractors to engage small businesses in the performance of their contracts;

43.1.2. Requiring joint ventures / consortium formation between large business and small businesses; or

43.1.3. Obligating main contractors or service providers to engage targeted enterprises in the performance of their contracts incorporating resource specifications.

43.2. Sub-contracting to SMME's and designated groups shall be an effective mechanism to achieve JPC's transformation goals. Sub-contracting shall be limited to 30% of the contract, or as stated in the tender specification.

44. Declarations

44.1. Every General Manager 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.

44.2. CEO must keep record of all declarations for reporting to the Board through the Mayoral committee.

CHAPTER 5 – OTHER

45. SCM Procedure Manual, Practice Notes, National Treasury Guidelines and Circulars

45.1. The CFO may from time to time through the General Manager: SCM issue practice notes and amendments to the SCM Procedure Manual as may be deemed expedient for the implementation of this Policy.

45.2. Any such amendment to the SCM Procedure Manual and Practice Notes (as issued by the General Manager: SCM) and any National Treasury Guidelines that may be issued by National Treasury from time to time, shall upon issuing thereof be deemed to be incorporated and form part of this Policy.

45.3. The CFO must, through the General Manager: SCM: -

45.3.1. Develop a standardised form/checklist to be used in all procurement processes that ensure compliance with each and every step of this Policy; and

45.3.2. Develop a guide to JPC's SCM procedures that must be available to all JPC employees. Such a guide must: -

45.3.2.1. Be written in a plain language and in such a manner that all JPC officials may understand the process;

45.3.2.2. Include diagrammatic illustrations of the process wherever possible; and

45.3.2.3. Must be developed in co-operation with National Treasury, wherever possible.

45.4. All practice notes as issued by the General Manager: SCM, must be submitted to Board for noting.

46. Adoption of the SCM Policy

46.1. The adoption of this policy renders all previous SCM policies repealed. Where this policy fails to address a specific issue, reference may be made to provisions of previous policies for guidance.

47. Commencement

47.1. This policy shall commence on the date that it has adhered and served at all JPC governance structures and finally is approved by Board.

Annexures

Annexure A: Code of ethical conduct for Supply Chain Management Practitioners and players

Annexure B: Delegation of Powers and duties

Annexure C: Bid composition framework

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.

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 interfere with Supply Chain Management processes and systems in order to influence the outcome of an award by tampering with any price quotations and bids;
- iv. Must keep all information, including service provider's 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 a 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 in any proposed procurement or disposal process, or in any award of a contract by 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 all declarations made by the employees with regards to:

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

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 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 blacklisting from doing business with the JPC. The names of service providers defaulting will be submitted to National Treasury for blacklisting.

ANNEXURE B: JPC'S DELEGATIONS OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES

DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES TO THE ACCOUNTING OFFICER

1. The Board hereby delegates the following powers and duties to the Chief Executive Officer, excluding those directly assigned to the Chief Executive Officer as accounting officer in terms of the Act and any other applicable legislation, which are necessary to enable the Chief Executive Officer:

a) To discharge the Supply Chain Management responsibilities conferred on accounting officers in terms of:

- i. Chapters 11 of the Act
- ii. This Policy

b) To maximise administrative and operational efficiency in the implementation of this Policy;

c) To enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy;

d) To approve the composition of any Bid Specification and Bid Evaluation Committees; and

e) To comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.

2. The Accounting Officer may sub-delegate any power and duty delegated to him in terms of sub-paragraph (1) to any official or to a committee which is exclusively composed of officials of JPC.

DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES BY THE CHIEF EXECUTIVE OFFICER

1. The Chief Executive Officer, in terms of section 106 (1) of the Act, hereby delegates, subject to sub-paragraph 2 below, the following Supply Chain Management powers and duties assigned to him in terms of the Act:

a) The Chief Financial Officer: the implementation of Supply Chain Management responsibilities and activities in terms of the Act and its Regulations.

b) The Bid Adjudication Committee:

- i. The powers to make final awards for transactions below R10 million

c) The Senior Manager: Supply Chain Management in conjunction with Heads of Departments:

- i. The authority to make final awards from R30 000 to R750 000 (inclusive of VAT)

d) Head of Departments shall be entitled to make final awards up to R30 000 (VAT inclusive), including petty cash purchases

e) A Head of a unit shall be entitled to further sub-delegate the authority referred to in sub-paragraph (d) above to any person under his or her control, subject to such conditions as the relevant Head may determine.

2. The Chief Executive Officer shall be entitled at all times to withdraw or amend the delegations contained in sub-paragraph (1) above or to determine new delegations, should the need therefore arise.

Annexure C: Committee’s composition Framework

Committee	Committee composition
Bid Specification committee	<ol style="list-style-type: none"> 1. Chair Manager upwards- compulsory 2. User Department- compulsory 3. Legal Advisor-compulsory 4. SCM representative 5. Finance representative (If required) 6. External Specialist advisory (If required)
Bid Evaluation committee- independent members from BSC and BAC	<ol style="list-style-type: none"> 1. Chair Manager upwards- compulsory 2. User Department- compulsory 3. Legal Advisor-compulsory 4. SCM representative 5. Finance representative (If required) 6. External Specialist advisory (If required)
Bid Adjudication committee- independent members from BEC and BSC- composed of senior officials within JPC	<ol style="list-style-type: none"> 1. Chair: Chief Financial Officer 2. User department- Chairperson of BEC 3. Legal advisor 4. Finance representative 5. SCM representative

- JPC Accounting Officer appoints members of each committee considering requirements of section 117 of MFMA; Regulation 26 and 27 of the Municipal SCM Regulation.