

Supply Chain Management



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1. INTRODUCTION



This chapter provides a background to the document and consists of the following dimensions:

- Background
- Overview
- Purpose
- Prerequisites
- Related Processes
- Initiated When
- Input / Output
- Operating Standards
- Resources
- Process



1.1 BACKGROUND

GOODS AND SERVICES

Part 1: Supply chain management

110. (1) This Part, subject to subsection (2), applies to—

- (a) the procurement by a municipality or municipal entity of goods and services;
- (b) the disposal by a municipality or municipal entity of goods no longer needed;
- (c) the selection of contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; and
- (d) the selection of external mechanisms referred to in section 80(1)(b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.

(2) This Part, except where specifically provided otherwise, does not apply if a municipality or municipal entity contracts with another organ of state for—

- (a) the provision of goods or services to the municipality or municipal entity;
- (b) the provision of a municipal service or assistance in the provision of a municipal service; or
- (c) the procurement of goods and services under a contract secured by that other organ of state, provided that the relevant supplier has agreed to such procurement.

(3) The disposal of goods by a municipality or municipal entity in terms of this Part must be read with sections 14 and 90.

Supply chain management policy

111. Each municipality and each municipal entity must have and implement a supply chain management policy which gives effect to the provisions of this Part.

Supply chain management policy to comply with prescribed framework

112. (1) The supply chain management policy of a municipality or municipal entity must be fair, equitable, transparent, competitive and cost-effective and comply with a prescribed regulatory framework for municipal supply chain management, which must cover at least the following:

- (a) The range of supply chain management processes that municipalities and municipal entities may use, including tenders, quotations, auctions and other types of competitive bidding;
- (b) when a municipality or municipal entity may or must use a particular type of process;
- (c) procedures and mechanisms for each type of process;
- (d) procedures and mechanisms for more flexible processes where the value of a contract is below a prescribed amount;
- (e) open and transparent pre-qualification processes for tenders or other bids;
- (f) competitive bidding processes in which only pre-qualified persons may participate;
- (g) bid documentation, advertising of and invitations for contracts;
- (h) procedures and mechanisms for—
 - (i) the opening, registering and recording of bids in the presence of interested persons;
 - (ii) the evaluation of bids to ensure best value for money;
 - (iii) negotiating the final terms of contracts; and
 - (iv) the approval of bids;

- (i) screening processes and security clearances for prospective contractors on tenders or other bids above a prescribed value;
 - (j) compulsory disclosure of any conflicts of interests prospective contractors may have in specific tenders and the exclusion of such prospective contractors from those tenders or bids;
 - (k) participation in the supply chain management system of persons who are not officials of the municipality or municipal entity, subject to section 117;
 - (l) the barring of persons from participating in tendering or other bidding processes, including persons—
 - (i) who were convicted for fraud or corruption during the past five years;
 - (ii) who wilfully neglected, reneged on or failed to comply with a government contract during the past five years; or
 - (iii) whose tax matters are not cleared by South African Revenue Service;
 - (m) measures for—
 - (i) combating fraud, corruption, favouritism and unfair and irregular practices in municipal supply chain management; and
 - (ii) promoting ethics of officials and other role players involved in municipal supply chain management;
 - (n) the invalidation of recommendations or decisions that were unlawfully or improperly made, taken or influenced, including recommendations or decisions that were made, taken or in any way influenced by—
 - (i) councillors in contravention of item 5 or 6 of the Code of Conduct for Councillors set out in Schedule 1 to the Municipal Systems Act; or
 - (ii) municipal officials in contravention of item 4 or 5 of the Code of Conduct for Municipal Staff Members set out in Schedule 2 to that Act;
 - (o) the procurement of goods and services by municipalities or municipal entities through contracts procured by other organs of state;
 - (p) contract management and dispute settling procedures; and
 - (q) the delegation of municipal supply chain management powers and duties, including to officials.
- (2) The regulatory framework for municipal supply chain management must be fair, equitable, transparent, competitive and cost-effective.

Unsolicited bids

113. (1) A municipality or municipal entity is not obliged to consider an unsolicited bid received outside its normal bidding process.
- (2) If a municipality or municipal entity decides to consider an unsolicited bid received outside a normal bidding process, it may do so only in accordance with a prescribed framework.
- (3) The framework must strictly regulate and limit the power of municipalities and municipal entities to approve unsolicited bids received outside their normal tendering or other bidding processes.

Approval of tenders not recommended

114. (1) If a tender other than the one recommended in the normal course of implementing the supply chain management policy of a municipality or municipal entity is approved, the accounting officer of the municipality or municipal entity must, in writing, notify the Auditor-General, the relevant provincial treasury and the National Treasury and, in the case of a municipal entity, also the parent municipality, of the reasons for deviating from such recommendation.
- (2) Subsection (1) does not apply if a different tender was approved in order to rectify an irregularity.

Implementation of system

115. (1) The accounting officer of a municipality or municipal entity must—

- (a) implement the supply chain management policy of the municipality or municipal entity; and
- (b) take all reasonable steps to ensure that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices.

(2) No person may impede the accounting officer in fulfilling this responsibility.

Contracts and contract management

116. (1) A contract or agreement procured through the supply chain management system of a municipality or municipal entity must—

- (a) be in writing;
- (b) stipulate the terms and conditions of the contract or agreement, which must include provisions providing for—
 - (i) the termination of the contract or agreement in the case of non- or underperformance;
 - (ii) dispute resolution mechanisms to settle disputes between the parties;
 - (iii) a periodic review of the contract or agreement once every three years in the case of a contract or agreement for longer than three years; and
 - (iv) any other matters that may be prescribed.

(2) The accounting officer of a municipality or municipal entity must—

- (a) take all reasonable steps to ensure that a contract or agreement procured through the supply chain Management policy of the municipality or municipal entity is properly enforced;
- (b) monitor on a monthly basis the performance of the contractor under the contract or agreement;
- (c) establish capacity in the administration of the municipality or municipal entity—
 - (i) to assist the accounting officer in carrying out the duties set out in paragraphs (a) and (b); and
 - (ii) to oversee the day-to-day management of the contract or agreement; and
 - (d) regularly report to the council of the municipality or the board of directors of the entity, as may be appropriate, on the management of the contract or agreement and the performance of the contractor.

(3) A contract or agreement procured through the supply chain management policy of the municipality or municipal entity may be amended by the parties, but only after—

- (a) the reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of a municipal entity, in the council of its parent municipality; and
- (b) the local community—
 - (i) has been given reasonable notice of the intention to amend the contract or agreement; and
 - (ii) has been invited to submit representations to the municipality or municipal entity.

Councillors barred from serving on municipal tender committees

117. No councillor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, nor attend any such meeting as an observer.

Interference

118. No person may—

- (a) interfere with the supply chain management system of a municipality or municipal entity; or

(b) amend or tamper with any tenders, quotations, contracts or bids after their submission.

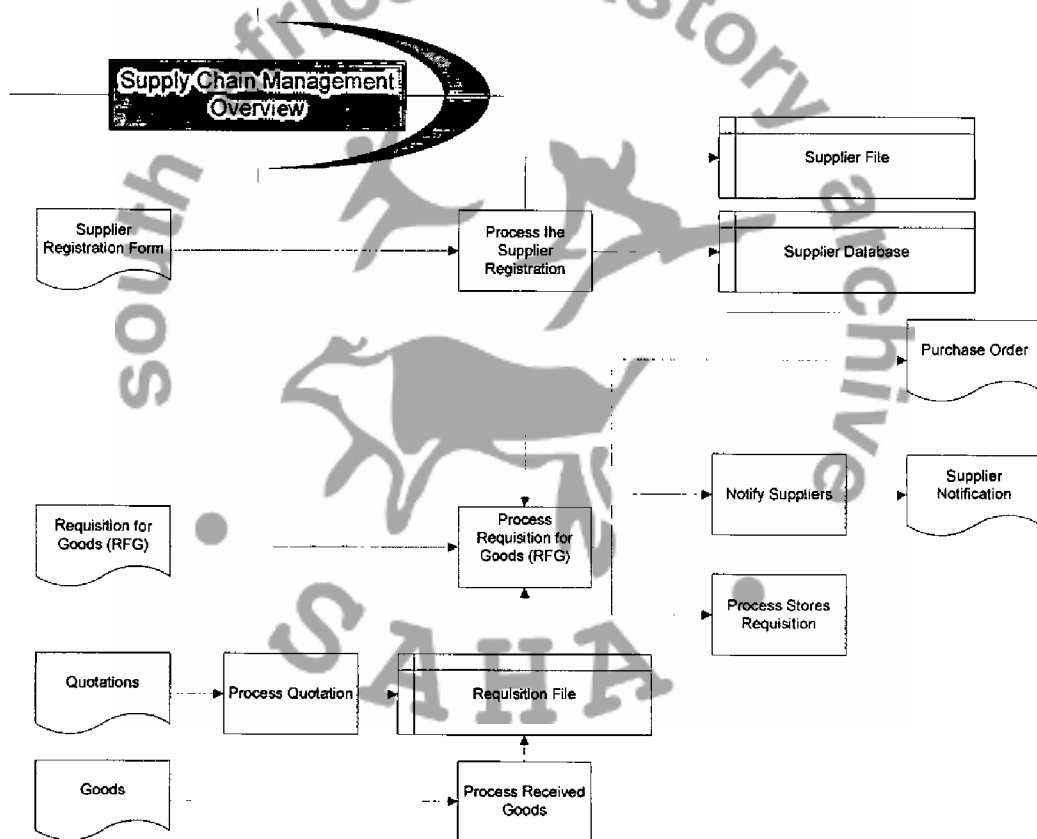
Competency levels of officials involved in municipal supply chain management

119. (1) The accounting officer and all other officials of a municipality or municipal entity involved in the implementation of the supply chain management policy of the municipality or municipal entity must meet the prescribed competency levels.

(2) A municipality and a municipal entity must for the purposes of subsection (1) provide resources or opportunities for the training of officials referred to in that subsection to meet the prescribed competency levels.

(3) The National Treasury or a provincial treasury may assist municipalities and municipal entities in the training of officials referred to in subsection (1).

1.2 OVERVIEW



1.3 PURPOSE

The purpose of this workflow is to effectively satisfy the requirements that a municipality may have in terms of goods and/or services. The process starts with a requisition from the departments within the municipality and ends where an order for the goods and/or services is issued to a successful supplier.



1.4 PREREQUISITES

The Collaborator system must be installed and accessible by all the users that participate in the Supply Chain Management process.

1.5 RELATED PROCESSES

The following processes are related to the Item process that needs to be put under control:

- Contract Administration
- Web Content Management
- Communication Management
- Decision Management (Committee Administration)

1.6 PROCESS START

The process is initiated when the department request goods or services

1.7 INPUT / OUTPUT

The input and the result (output) of the process are:

- Input:
 - Requisition for Goods
 - Quotations
 - Delivery Notes
 - Stock Request
- Output: The output are:
 - Request for Goods
 - Purchase Order
 - Goods rejection to Supplier

1.8 OPERATING STANDARDS

The operating standards for this process are:

- The standard as set by the Supply Chain Management Policy
- The standard as set by the Municipal Management Finance Act

1.9 RESOURCES

The following resources will be used on the project:

- Senior Project Managers
- Municipal Manager
- Mayor
- Supply Chain Management Unit
- Financial Department

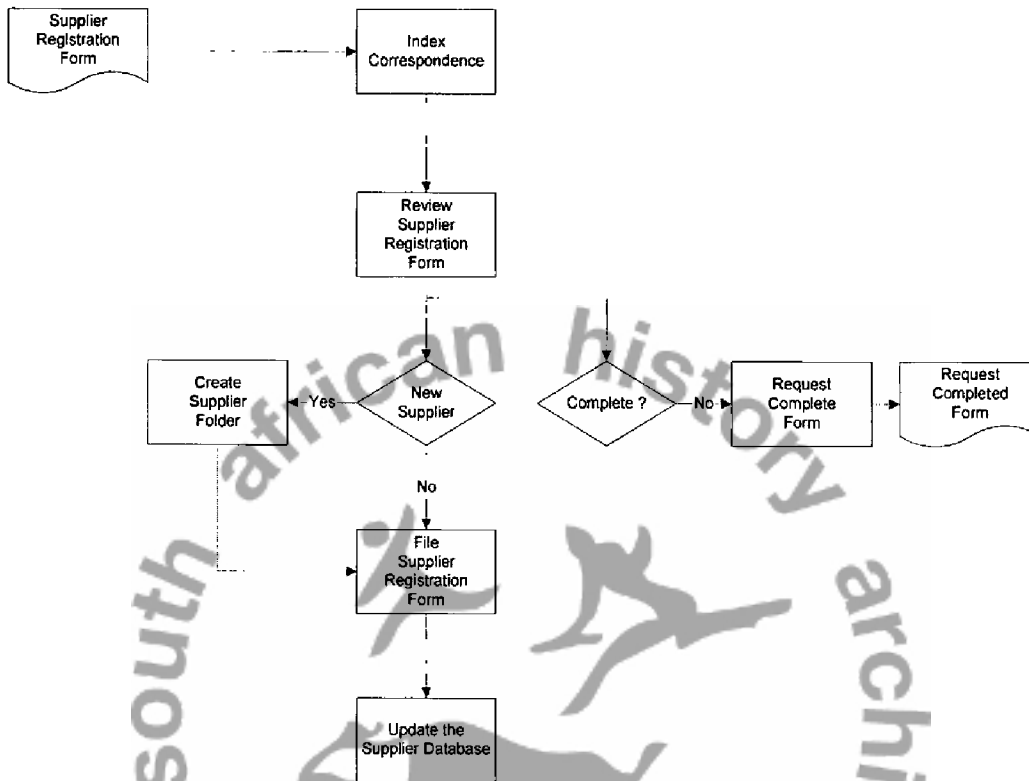
2. PROCESS THE SUPPLIER REGISTRATION



This chapter provides a background to the document and consists of the following dimensions:

- Overview
- Index Correspondence
- Review the Supplier Registration Form
- Create a supplier folder
- File the Supplier Form
- Update the Supplier Database

2.1 OVERVIEW



2.2 INDEX CORRESPONDENCE

The objective of this task is to capture the minimum metadata as required by National Archive for the purpose of electronic record management. The incoming form are be indexed with he standard metadata fields as required by National Archives.

2.3 REVIEW THE SUPPLIER REGISTRATION FORM

The objective of this task is to review the form received for completeness and to determine if this is a new potential supplier of goods and services or new information for an existing supplier. To determine if the supplier already exist (previous registration), search for the supplier in the supplier database by typing the name of the supplier in the search field.

2.4 CREATE A SUPPLIER FOLDER

Each supplier registered with the municipality will have a supplier folder. This folder are created (as part of the file plan) when the supplier are registered for the first time. The folder will hold the electronic registration form and any other associated information for future reference. An electronic folder is opened for the supplier where al the information related to the supplier may be filed. The first document to be filed will be the supplier registration for that triggered this process to happen.

2.5 FILE THE SUPPLIER FORM

The purpose of this task is to place the incoming supplier registration for in the supplier file for retrieval in a later stage. The supplier registration form is filed in the supplier file. This is done by selecting the supplier file from the file plan.

2.6 UPDATE THE SUPPLIER DATABASE

The objective of this task is to capture only the minimum data to identify and contact the potential supplier when it is required. An electronic folder is opened for the supplier where all the information related to the supplier may be filed. The first document to be filed will be the supplier registration for that triggered this process to happen.



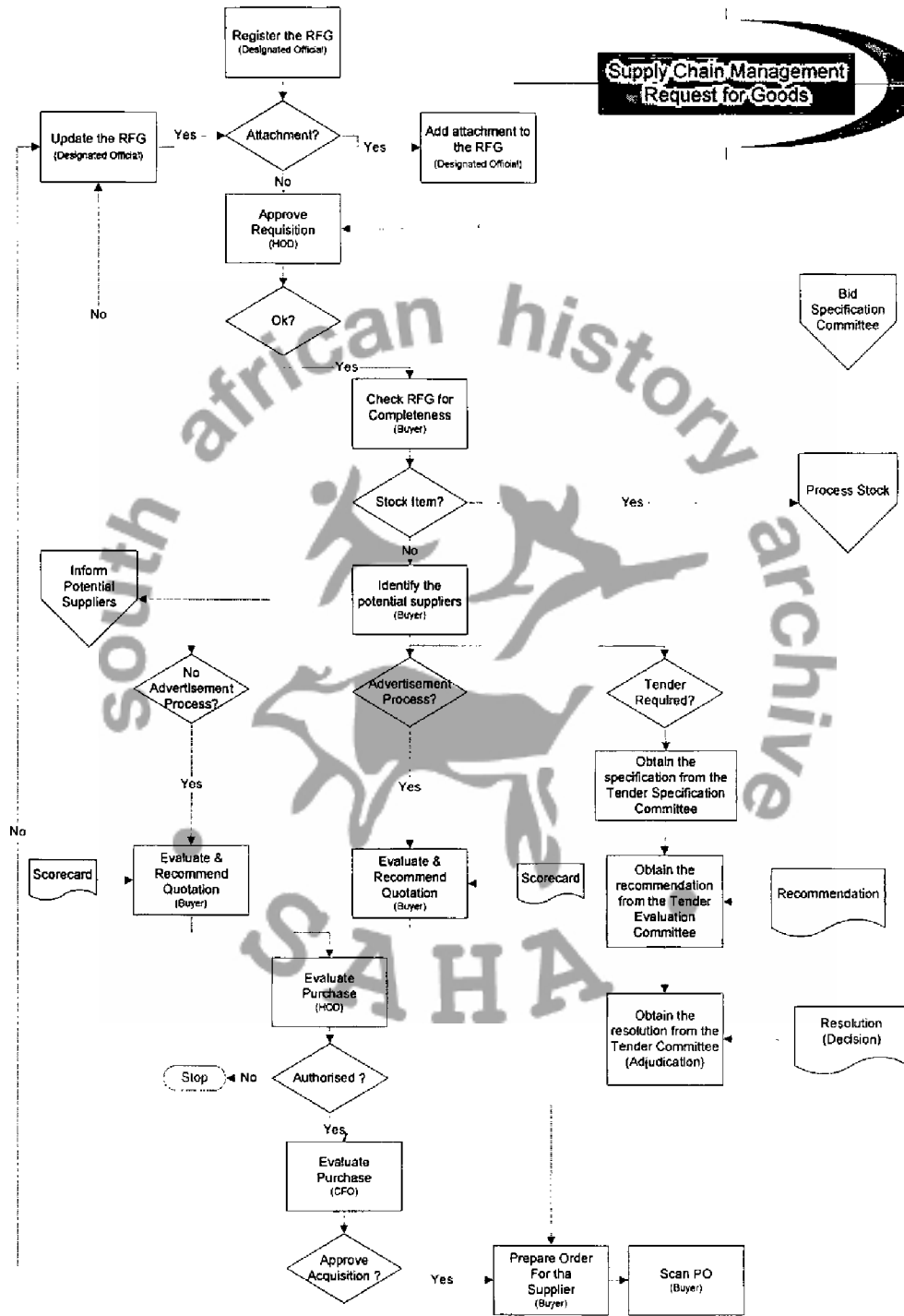
3. REQUISITION FOR GOODS



This chapter provides a background to the document and consists of the following dimensions:

- Introduction
- Register the Request for Goods (Department)
- Approve Requisition (Head of Department)
- Check Requisition for Goods for Completeness (Buyer)
- Identify the potential suppliers (Buyer)
- Evaluate & Recommend Quotation (Buyer)
- Evaluate Purchase (Department)
- Obtain the specification from the Tender Specification Committee (Buyer)
- Obtain the recommendation from the Tender Evaluation Committee (Buyer)
- Obtain the resolution from the Tender Committee (Buyer)
- Evaluate Purchase
- Prepare Order For the Supplier
- Scan Purchase Order

3.1 INTRODUCTION



3.2 REGISTER THE REQUEST FOR GOODS (DEPARTMENT)

The official that represents the department that has identified a need procure certain goods and/or services registers a requisition. The requisition contains all the information and supporting documentation needed for the Supply Chain management unit to successfully process the requisition. This information includes the vote numbers against which the requisition must be processed as well as the projected amount for the procurement.

3.3 APPROVE REQUISITION (HEAD OF DEPARTMENT)

The official authorising the purchase requisition, should ensure that there is sufficient funds available within the nominated vote. Where there are insufficient funds, the Chief Financial Officer may utilise a saving in the amount appropriated under a main division within a vote, towards the defrayment of excess expenditure under another main division within the same vote.

3.4 CHECK REQUISITION FOR GOODS FOR COMPLETENESS (BUYER)

The Supply Chain Management unit receives the requisition from the department that requires the procurement of certain goods and/or services. The requisition is checked to see if it contains all the information required to process the requisition successfully. If additional information is required by the Supply Chain management Unit, the requisition is sent back to the originator. The originator can add the missing information and re-submit the requisition to the Supply Chain Management Unit. Once a complete requisition is received by the supply Chain Management unit, it is classified to determine of the process that needs to be followed according to the MFMA.

The Buyer checks the requisition to ensure the following:

- The correct vote has been inserted;
- The description of the goods/services is accurate and the quantity has been specified;
- The estimated price is within the parameters of the Supply Chain Policy and does not warrant a competitive bidding process.
- Where the expenditure relates to a specific, identifiable item of Capital Equipment (eg vehicle), ensure that the vehicle registration number is provided;
- That all unused lines have been ruled off to prevent unauthorised additions; and
- That the requisition has been signed by the authorised officials designated by the Municipal Manager.

3.5 IDENTIFY THE POTENTIAL SUPPLIERS (BUYER)

It is the Buyer's responsibility to source the supplier for the goods requested. The Procurement Suppliers and Skills List is to be used, unless these suppliers are unable to fulfil the order on an "as-and-when-required" basis.

The category of goods and/or services that appear on the requisition is matched with the suppliers in the supplier database that can offer the goods and/or services. Based on the rating (based on Preferential Procurement Policy Framework Act and the Broad-Based Black Economic Empowerment Act) the companies are selected.

3.6 EVALUATE & RECOMMEND QUOTATION (BUYER)

The clerk compares the contents of each quotation and selects the best quotation for the goods and services.

3.7 EVALUATE PURCHASE (DEPARTMENT)

This process is a final review by the Head of Department that the content of the requisition is correct and that the process may continue. If the HOD does not agree with the content, the requisition will be sent back to the person in the unit that have evaluated the requisition. In the case where the content is accepted and approved by the supervisor, the requisition continues to the next steps in the process.

3.8 OBTAIN THE SPECIFICATION FROM THE TENDER SPECIFICATION COMMITTEE (BUYER)

The first version of the tender document that has been compiled by the responsible person in the tender specification committee is loaded into the system.

3.9 OBTAIN THE RECOMMENDATION FROM THE TENDER EVALUATION COMMITTEE (BUYER)

The minutes of the Bid Evaluation Committee will contain the outcome for the specific Item (Quotation/Bid). The recommendation made in this committee is registered in the system.

3.10 OBTAIN THE RESOLUTION FROM THE TENDER COMMITTEE (BUYER)

The minutes of the Bid Adjudication Committee will contain the outcome for the specific Item (Quotation/Bid). Based on the decision made in this committee the process may continue.

3.11 EVALUATE PURCHASE

This process is a final review by an official in the Supply Chain Management Unit that the content of the requisition is correct and that the process may continue. If the supervisor in the Supply Chain Management Unit does not agree with the content, the requisition will be sent back to the person in the unit that have evaluated the requisition. In the case where the content is accepted and approved by the supervisor, the requisition continues to the next steps in the process.

3.12 PREPARE ORDER FOR THE SUPPLIER

The clerk that is responsible for issuing order will compile an order in the Collaborator system.

3.13 SCAN PURCHASE ORDER

The Purchase Order that was issued by the financial system and given to the supplier are scanned and booked into the system for further references when the goods are delivered.

4. SUPPLIER NOTIFICATIONS



This chapter provides a background to the document and consists of the following dimensions:

- Introduction
- Contact Supplier via Fax
- Contact Supplier via SMS
- Contact Supplier via E-Mail
- Place Advert in the Newspaper
- Place Advert on the Notice Board
- Phone the Supplier
- Place Advert on the Web Site

4.7 PHONE THE SUPPLIER

The Supply Chain Management Unit Clerk sends an advert via e-mail to the potential suppliers. This advert must request potential suppliers of the goods and/or services to submit a bid to deliver the goods and or services.

4.8 PLACE ADVERT ON THE WEB SITE

The Supply Chain Management Unit Clerk places the requisition for Goods on the municipal web site.



5. QUOTATIONS



This chapter provides a background to the document and consists of the following dimensions:

- Introduction
- Scan Quotation
- Index Quotation
- File Quotation



- (2) The quotations must be obtained in writing from at least three different suppliers. As far as possible all suppliers must be afforded an opportunity to quote on a rotational basis.
- (3) Should it not be possible to obtain three quotations, the reasons must be recorded and supported by the Director Supply Chain Management or the Head of Department as per delegated authority.
- (4) If there are frequent requirements, which the amount per transaction is less than R200 000 per user, such requirements must be consolidated and a contract be established through competitive bidding process.
- (5) Splitting of requirements with the sole intention of circumventing any of the procurement mechanism listed is not allowed.

19.3 COMPETITIVE BIDDING PROCESS

19.3.1 SINGLE STAGE COMPETITIVE BIDDING PROCESS

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

19.3.2 TWO-STAGE COMPETITIVE BIDDING PROCESS

- (1) A two-stage bidding process is allowed when:-
 - (a) the requirements are not easily determinable and it is ideal to engage the market in firming up the requirements;

- (b) Sensitive projects or services requiring security clearance prior to the award or where it is undesirable to prepare complete detailed technical specifications;
- (c) Complex projects that require multiple stages before award and are requiring period of three years;
 - (i) The first stage entails issuing out a Request for Information to the market through public invitations;
 - (ii) The second stage entails issuing out a detailed Request for Proposals to only short listed suppliers.

19.4 NEGOTIATIONS

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

- (c) objectives of the negotiations;
 - (d) Supplier(s) to be negotiated with.
- (3) The outcome of the negotiations must be approved by the relevant Acquisition Committees and/or delegated authority before award.
- (5) Records of all negotiations must be kept.

19.5 SOLE SUPPLIERS

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

19.6 UNSOLICITED BIDS

- (1) Unsolicited bids are bids that are preemptively submitted by the prospective supplier(s) to City without any requirements been identified and advertised. This situation arises when the supplier(s) identify an opportunity to render services or supply products not ordinarily required by the City.
- (2) The City may consider any unsolicited bids received outside a normal bidding process when:-
- (a) the product or service is not in the budget and/or in the Integrated Development Plan;

- (b) the business opportunity or cost saving opportunity is viable, innovative, demonstratively unique and essential;
 - (c) the person or entity who submitted the bid is the sole provider of the product or service.
- (3) To ensure transparency, fairness and to restrict abuse, the City must publicly advertise the requirement to allow other interested parties to submit bids provided:-
- (a) the Request for Proposals will be generic and must protect the intellectual property and innovation of the unsolicited bidder;
 - (b) Prior to advertising, the unsolicited bidder will be informed of the City's intentions to invite public bids.
- (4) The City reserves the right to award the business to any competitive proposal besides the unsolicited bidder.
- (5) The Executive Acquisition Committee must consider the recommended bid(s) emanating from the Unsolicited bid process and make final award.
- (6) The City reserves the right to reject any bidder who may have generated an unsolicited bid having used privileged information owned by the City.

20. GENERAL CONDITIONS APPLICABLE TO THE CONSIDERATION OF WRITTEN QUOTATIONS

- (1) The City will only consider signed written quotations and bids that comply with the following requirements:
- (a) binding quotations and bids that have the service provider's:-
 - (i) full name;
 - (ii) identification number or company registration number;
 - (iii) tax reference number and VAT registration number;
 - (iv) a valid original Tax Clearance Certificate;

(v) Up to date Rates and Taxes statements from the municipality where the service provider resides.

- (b) have signed the declaration form under oath stating the following:-
- (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
 - (iii) whether a spouse, child or parent of the service provider or of a director, manager, shareholder or stakeholder referred to in Annexure A

21. DEVIATIONS FROM PROCUREMENT MECHANISM

- (1) Deviations from Procurement Mechanism entailed in this Policy are not encouraged and may only be allowed in the following circumstances:-
- (a) emergency or exceptional cases;
 - (b) if such goods or services are produced or available from a single/sole provider only;
 - (c) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (d) for the acquisition of animals for the zoo and/or nature and game reserves.
- (2) Deviations must be recommended by the Head of Department for consideration by the Executive Acquisition Committee.
- (a) The City Manager must record the reasons for any deviations from Procurement Mechanism

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

- (1) The City Manager may procure goods and/or services under a contract secured by another organ of state, but only if: –
 - (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
 - (b) there is no reason to believe that such contract was not validly procured;
 - (c) there are demonstrable discounts or benefits to do so; and
 - (d) the other organ of state and the provider has consented to such procurement in writing.
 - (e) goods or services required by the City are similar to those on contract.
- (2) Subparagraphs (1) (c) and (d) above do not apply if –
 - (a) a municipal entity procures goods or services through a contract secured by the City; or
 - (b) the City procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.
- (3) The City Manager shall report quarterly to the Mayoral Committee in respect of all and any goods and/or services procured in terms of this paragraph.

23. SUPPLY CHAIN MANAGEMENT COMMITTEE SYSTEMS

- (1) The City makes use of committee system to ensure that the acquisition process for goods and services is open, fair and transparent.
- (2) The Committee system ensures that objectivity, value for money and cost effectiveness principles are espoused in all phases of the acquisition process.
- (3) The City will make use of the following committees:

Committee	Function	Composition
Bid specification Committee	Compiling specifications for the City's requirements to be acquired	User department; SCM representatives and external specialist advisors
Bid Evaluation Committee	Evaluation of Bids, compilation of reports & making recommendations	User department; SCM representatives and external specialist advisors, Finance and Legal representatives
Acquisition Committee (Bid adjudication)	Consideration of the recommendations and award	As per Terms of Reference

23.1 BID SPECIFICATION COMMITTEES

- (1) The bid specification committee compiles the technical specifications for each requirement.
- (2) The technical specifications: –
 - (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
 - (b) must take account of any accepted standards such as those issued by South Africa Bureau of Standards (SABS), the International Standards Organisation (ISO), or an authority accredited or recognised by the South African National Accreditation System (SANAS);
 - (c) must be functional and not be outcome based or brand inclined;
 - (d) must not create trade barriers in contract requirements in the forms of plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;
 - (e) shall not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise

or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the words "equivalent";

- (f) must indicate each specific goal for which points shall be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and
 - (g) must be approved by the City Manager or his delegated authority prior to publication of the invitation for bids in terms of clause 9 of this Policy.
- (3) The bid specification committee must be composed of one or more employees of the City, preferably the manager responsible for the function involved, and shall, when appropriate, include external specialist advisors.
- (4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, shall bid for any resulting bids.

23.2 BID EVALUATION COMMITTEES

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

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23.3 BID ADJUDICATION COMMITTEES

- (1) The bid adjudication committees must consider the report and recommendations of the bid evaluation committee in terms of their mandates as per the Resolution of the Council dated July 2004.
- (2) The City Manager shall, in accordance with Section 114 of the Act, notify the Auditor-General, the Provincial Treasury and National Treasury within 10 working days where a bid, other than the one recommended in the normal course of implementing this Policy, has been approved.

24. SUPPLIER MANAGEMENT AND DEVELOPMENT

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