

THEEWATERSKLOOF
MUNICIPALITY



Theewaterskloof
Municipality

SUPPLY CHAIN
MANAGEMENT POLICY FOR INFRASTRUCTURE
PROCUREMENT AND DELIVERY MANAGEMENT

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1 Scope

This policy establishes the Theewaterskloof Municipality's policy for infrastructure procurement and delivery management in accordance with the provisions of the regulatory frameworks for procurement and supply chain management. It includes the procurement of goods and services necessary for a new facility to be occupied and used as a functional entity but excludes:

- a) the storage of goods and equipment following their delivery to Theewaterskloof Municipality which are stored and issued to contractors or to employees;
- b) the disposal or letting of land;
- c) the conclusion of any form of land availability agreement;
- d) the leasing or rental of moveable assets; and
- e) public-private partnerships.

2 Terms, definitions and abbreviations

2.1 Terms and definitions

For the purposes of this document, the definitions and terms given in the standard and the following apply:

agent: person or organization that is not an employee of Theewaterskloof Municipality that acts on the Theewaterskloof Municipality's behalf in the application of this document

authorised person: the Municipal Manager or the appropriately delegated authority to award, cancel, amend, extend or transfer a contract or order

conflict of interest: any situation in which:

- a) someone in a position of trust that has competing professional or personal interests which make it difficult for him to fulfil his duties impartially,
- b) an individual or organization is in a position to exploit a professional or official capacity in some way for his personal or for corporate benefit, or
- c) incompatibility or contradictory interests exist between an employee and the organization which employs that employee

contract manager: person responsible for administering a package on behalf of the employer and performing duties relating to the overall management of such contract from the implementer's point of view

family member: a spouse, domestic partner, dependent child or relative living in a common household, a grandparent, parent, nondependent child, grandchild, brother or sister, the spouse or domestic partner of a child, a parent-in-law, a brother-in-law or a sister-in-law of a person

framework agreement: an agreement between an organ of state and one or more contractors, the purpose of which is to establish the terms governing orders to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged

gate: a control point at the end of a process where a decision is required before proceeding to the next process or activity

gateway review: an independent review of the available information at a gate upon which a decision to proceed or not to the next process is based

gratification: an inducement to perform an improper act

infrastructure delivery: the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

infrastructure procurement: the procurement of goods or services including any combination thereof associated with the acquisition, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

maintenance: the combination of all technical and associated administrative actions during an item's service life to retain it in a state in which it can satisfactorily perform its required function

operation: combination of all technical, administrative and managerial actions, other than maintenance actions, that results in the item being in use

order: an instruction to provide goods, services or any combination thereof under a framework agreement

organ of state: an organ of state as defined in section 239 of the Constitution of the Republic of South Africa

procurement document: documentation used to initiate or conclude (or both) a contract or the issuing of an order

principal: a natural person who is a partner in a partnership, a sole proprietor, a director of a company established in terms of the Companies Act of 2008 (Act No. 71 of 2008) or a member of a close corporation registered in terms of the Close Corporation Act, 1984, (Act No. 69 of 1984)

standard: the latest edition of the Standard for Infrastructure Procurement and Delivery Management as published by National Treasury

working day: any day of a week on which is not a Sunday, Saturday or public holiday

2.2 Abbreviations

For the purposes of this document, the following abbreviations apply:

CIDB: Construction Industry Development Board

SARS: South African Revenue Services

3 General requirements

3.1 Delegations

3.1.1 The Council of Theewaterskloof Municipality hereby delegates all powers and duties to the Municipal Manager which are necessary to enable the Municipal Manager to:

- a) discharge the supply chain management responsibilities conferred on accounting officers in terms of Chapter 8 or 10 of the Local Government Municipal Finance Management Act of 2003 and this document;
- b) maximise administrative and operational efficiency in the implementation of this document;
- c) enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this document; and
- d) comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Local Government Municipal Finance Management Act of 2003 Act.

3.1.2 No departure shall be made from the provisions of this policy without the approval of the Municipal Manager of Theewaterskloof Municipality

3.1.3 The Municipal Manager shall for oversight purposes:

- a) within 30 days of the end of each financial year, submit a report on the implementation of this policy, to the Council of Theewaterskloof Municipality;
- b) whenever there are serious and material problems in the implementation of this policy, immediately submit a report to the Council of Theewaterskloof Municipality;
- c) within 10 days of the end of each quarter, submit a report on the implementation of the policy to the Mayor; and
- d) make the reports public in accordance with section 21A of the Municipal Systems Act of 2000.

3.2 Implementation of the Standard for Infrastructure Procurement and Delivery Management

3.2.1 Infrastructure procurement and delivery management shall be undertaken in accordance with all applicable legislation and the relevant requirements of the latest edition of the National Treasury Standard for Infrastructure Procurement and Delivery Management.

Any deviation to the provisions of this standard must be reported to National Treasury and the relevant treasury.

3.2.2 Pre-feasibility and feasibility reports are required as end — of — stage deliverables for stages 3 and 4, respectively, where one or more of the following applies:

a) The major capital projects is required for:

- 1) a major public enterprise where the total expenditure exceeds R 1.5 billion, or
- 2) an organ of state to the Municipal Finance Management Act other than a major public enterprise where the total project capital expenditure exceeds R1.0 billion including VAT, or where the expenditure per year for a minimum of three years exceeds R 250 million per annum including VAT; or
- 3) 4% of the Theewaterskloof Municipality's total non-current assets at the end of the preceding financial year.

b) the project is not:

- 1) a building project with or without related site works; or
- 2) a process — based , somewhat repetitive or relatively standardised project where the risk of failing to achieve time , cost and quality objectives is relatively low;

3.2.3 Stage 3 to 9 are required for where the works does not involve the provision of new infrastructure or the rehabilitation, refurbishment, alteration of existing infrastructure. Stages 5 and 6 to be omitted where there is sufficient information to proceed to stage 7 is contained in the stage 4 deliverable.

3.3 Supervision of the infrastructure delivery management unit

The Infrastructure Delivery Management Unit shall be directly supervised by the Director Technical Services in terms of section 82 of the MFMA.

3.4 Objections and complaints

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

3.5 Resolution of disputes, objections, complaints and queries

3.5.1 The Municipal Manager shall appoint an independent and impartial person, not directly involved in the infrastructure delivery management processes to assist in the resolution of disputes between the Theewaterskloof Municipality and other persons regarding:

- a) any decisions or actions taken in the implementation of the supply chain management system;
- b) any matter arising from a contract awarded within the Theewaterskloof Municipality's infrastructure delivery management system; or
- c) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

3.5.2 The person appointed in al terms of 3.5.1 shall:

- a) strive to resolve promptly all disputes, objections, complaints or queries received; and
- b) submit monthly reports to the Municipal Manager on all disputes, objections, complaints or queries received, attended to or resolved.

3.5.3 A dispute, objection, complaint or query may be referred to the Western Cape 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.

3.5.4 If the Western Cape Provincial Treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

4 Control framework for infrastructure delivery management

4.1 Assignment of responsibilities for approving or accepting end of stage deliverables

The responsibilities for approving or accepting end of stage deliverables shall be as stated in Table 1.

4.2 Additional gates

Additional requirements may be added only on approval by the Municipal Manager as the need arises.

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Additional requirements may be added only on approval by the Municipal Manager as the need arises.

4.4 Gateway reviews

4.4.1 Gateway reviews for major capital projects above a threshold

4.4.1.1 The Municipal Manager shall appoint a gateway review team in accordance with the provisions of clause 4.1.13.1.2 of the standard to undertake gateway reviews for major capital projects above R 50 million (VAT inclusive) for review of the stages 1 - 4 deliverables (concept or feasibility report) prior to acceptance;

4.4.1.2 The review teams shall comprise of not less than three persons who are not involved in the project associated with the works covered by the end of the stage 4 deliverable, and who are familiar with the various aspects of the subject matter of the deliverable at the end of the stage under review.

4.4.1.3 The review team shall be led by a person who has at least six years post-graduate experience in the planning of infrastructure projects and is registered either as a professional engineer in terms of the Engineering Profession Act, a professional quantity surveyor in terms of the Quantity Surveying Profession Act or a professional architect in terms of the Architectural Profession Act. The members of the team shall, as relevant, have expertise in key technical areas, cost estimating, scheduling and implementation of similar projects.

4.4.1.4 The relevant treasury may nominate additional persons to serve on the review team.

Table 1: Responsibilities for approving or accepting end of stage deliverables in the control framework for the management of infrastructure delivery

Stage		Person assigned the responsibility for approving or accepting end of stage deliverables
No	Name	
0	Project initiation	The Relevant Director accepts the initiation report
1	Infrastructure planning	Council approves the infrastructure plan
2	Strategic resourcing	Municipal Manager approves the delivery and / or procurement strategy
3	Pre-feasibility or Preparation and briefing	The Relevant Director in consultation with The Director Technical Services accepts the pre-feasibility report and strategic brief
4	Feasibility or Concept and viability	The Relevant Director of the Department accepts the feasibility and the concept reports
5	Design development	The Relevant Director of the Department accepts the design development report
6	Design documentation	6A Production information The Relevant Director of the Department accepts the parts of the production information which are identified when the design development report is accepted as requiring acceptance
		6B Manufacture, fabrication and construction information The Contract Manager accepts the manufacture, fabrication and construction information.

7	Works	The Contract Manager certifies completion of the works or the delivery of goods and associated services
8	Handover	The Owner or End-user inclusive of the Professional team (if applicable) accepts liability for the works
9	Package completion	The Contract Manager certifies the defects certificate in accordance with the provisions of the contract The contract manager certifies final completion in accordance with the provisions of the contract The Relevant Director accepts the close out report

5 Control framework for infrastructure procurement

- 5.1 The responsibilities for taking the key actions associated with the formation and conclusion of contracts including framework agreements above the formal written price quotation threshold until 4% of the total assets of Theewaterskloof Municipality, shall be as stated in Table 2.
- 5.2 The responsibilities for taking the key actions associated with the quotation procedure and the negotiation procedure where the value of the contract is less than the threshold set for the formal written price quotation procedure shall be as follows:
- The relevant Director shall grant approval for the issuing of the procurement documents, based on the contents of a documentation review report developed in accordance with the provisions of the standard;
 - The relevant delegated authority may award the contract if satisfied with the recommendations contained in the evaluation report prepared in accordance with the provisions of the standard.
- 5.3 The responsibilities for taking the key actions associated with the issuing of an order in terms of a framework agreement shall be as stated in Table 3.

6 Infrastructure delivery management requirements

6.1 institutional arrangements

6.1.1 Committee system for procurement

6.1.1.1 General

- 6.1.1.1.1 A committee system comprising the bid specification committee (BSC), bid evaluation committee (BEC) and bid adjudication committee (BAC) shall be applied to all procurement procedures where the estimated value of the procurement exceeds the financial threshold for formal written price quotations and to the putting in place of framework agreements.
- 6.1.1.1.2 The bid evaluation committee shall, where competition for the issuing of an order amongst framework contractors takes place and the value of the order exceeds the financial threshold for formal written price quotations, evaluate the quotations received.
- 6.1.1.1.3 The persons appoint in writing as technical advisors and subject matter experts may attend any committee meeting.
- 6.1.1.1.4 No person who is a political officer bearer, a public office bearer including any councillor of a municipality, a political advisor or a person appointed in terms of section 12A of the

Public Service Act of 1994 or who has a conflict of interest shall be appointed to a bid specification committee, bid evaluation committee or bid adjudication committee.

- 6.1.1.1.5 Committee decisions shall as far as possible be based on the consensus principle i.e. the general agreement characterised by the lack of sustained opposition to substantial issues. Committees shall record their decisions in writing. Such decisions shall be kept in a secured environment for a period of not less than five years after the completion or cancellation of the contract unless otherwise determined in terms of the National Archives and Record Services Act of 1996.
- 6.1.1.1.6 Committees may make decisions at meetings or, subject to the committee chairperson's approval, on the basis of responses to documents circulated to committee members provided that not less than sixty percent of the members are present or respond to the request for responses. Where the committee chairperson is absent from the meeting, the members of the committee who are present shall elect a chairperson from one of them to preside at the meeting.

6.1.1.2 Bid Specification committee

6.1.1.2.1 The Municipal Manager shall appoint in writing:

- a) the persons to review the procurement documents and to develop a procurement documentation review report in accordance with clause 4.2.2.1 of the standard; and
- b) the members of the bid specification committee.

6.1.1.2.2 The bid specification committee shall comprise one or more persons. The chairperson shall be an employee of Theewaterskloof Municipality with requisite skills. Other members shall, where relevant, include a representative of the end user or the department requiring infrastructure delivery.

6.1.1.2.3 No member of, or technical adviser or subject matter expert who participates in the work of the any of the procurement committees or a family member or associate of such a member, may tender for any work associated with the tender which is considered by these committees.

Table 2: Procurement activities and gates associated with the formation and conclusion of contracts above the formal written price quotation threshold

Activity		Sub activity (see Table 3 of the standard)		Key Action	Person assigned responsibility to perform key action
1	Establish what is to be procured	1.3 PG 1	Obtain permission to start with the procurement process	Make a decision to proceed / with the procurement based on the broad scope of work and the financials estimates	Relevant Director
2	Decide on procurement strategy	2.5 PG 2	Obtain approval for procurement strategies that are to be adopted including specific approvals to approach a confined market or the use of the negotiation procedure	Confirm selection of strategies so that tender offers can be solicited	SCM Manager in consultation with the relevant Director
3	Solicit tender offers	3.2 PG 3	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	Relevant Director or Municipal Manager
		3.3 PG 4	Confirm that budgets are in place	Confirm that finance is available for the procurement to take place	Relevant Director or CFO
4	Evaluate Tenders	4.2 PG 5	Obtain authorisation to proceed with next phase of tender process in the qualified, proposal or competitive negotiations procedure	Review evaluation report, rectify recommendations and authorise progression to the next stage of the tender process	Bid Evaluation Committee
		4.7 PG 6	Confirm recommendations contained in the tender evaluation report	Review recommendations of the evaluation committee for reconsideration or make recommendation for award	Bid Adjudication Committee or Municipal Manager
5	Award contract	5.3 PG 7	Award Contract	Formally accept the tender offer in writing and issue the contractor with a signed copy of the contract	Bid Adjudication Committee or Municipal Manager
		5.5 GF 1	Upload data in financial management and payment system	Verify data and upload contractor's particulars and data associated with the contract or order	SCM Manager or SCM Unit
6	Administer contracts and confirm compliance with requirements	6.4 PG8A	Obtain approval to waive penalties or low performance damages.	Approve waiver of penalties or low performance	Relevant Director
		6.5 PG8B	Obtain approval to notify and refer a dispute to an adjudicator	Grant permission for the referral of a dispute to an adjudicator or for final settlement to an arbitrator or court of law	Relevant Director
		6.6 PG8C	Obtain approval to increase the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at the award of a contract or the issuing of an order up to a specified percentage Obtain approval to exceed	Approve amount of time and cost overruns up to the threshold	Relevant Director
		6.7 PG8D	Obtain approval to exceed the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at award of a contract or the issuing of an order by more than 20% and 30%, respectively	Approve amount of time and cost overruns above a the threshold (15%)	Relevant Director
		6.8 PG8E	Obtain approval to cancel or terminate a contract	Approve amount	Relevant Director
		9.6 PG8F	Obtain approval to amend a contract	Approve proposed amendment to contract	Relevant Director

Table 3: Procurement activities and gates associated with the issuing of an order above the quotation threshold in terms of a framework agreement

Activity		Key action	Person assigned responsibility to perform key action
1 FG1	Confirm justifiable reasons for selecting a framework contractor where there is more than one framework agreement covering the same scope of work	Confirm reasons submitted for not requiring competition amongst framework contractors or instruct that quotations be invited	Municipal Manager
3 FG2	Obtain approval for procurement documents	Gram approval for the issuing d the procurement documents	Relevant Director or Municipal Manager or Delegated Authority
4 FG3	Confirm that budgets are in place	Confirm that finance is available so that the order may be issued	Budget and Treasury Office or Chief Financial Officer
6 FG4	Authorise the issuing of the order	If applicable, review evaluation report and confirm or reject recommendations. Formally accept the in writing and issue the contractor with a signed copy of the order	Relevant Director

6.1.1.4.2 No member of the bid evaluation committee may serve on the bid adjudication committee. A member of a bid evaluation committee may, however, participate in the deliberations of a bid adjudication committee as a technical advisor or a subject matter expert.

6.1.1.4.3 The bid adjudication committee shall:

- a) consider the report and recommendations of the bid evaluation committee and:
 - 1) verify that the procurement process which was followed complies with the provisions of this document;
 - 2) confirm that the report is complete and addresses all considerations necessary to make a recommendation;
 - 3) confirm the validity and reasonableness of reasons provided for the elimination of tenderers; and
 - 4) consider commercial risks and identify any risks that have been overlooked or fall outside of the scope of the report which warrant investigation prior to taking a final decision; and
- b) refer the report back to the evaluation committee for their reconsideration or make a recommendation to the authorised person on the award of a tender, with or without conditions, together with reasons for such recommendation.

6.1.1.4.4 The bid adjudication committee shall consider proposals regarding the cancellation, amendment, extension or transfer of contracts that have been awarded and make a recommendation to the authorised person on the course of action which should be taken.

6.1.1.4.5 The bid adjudication committee shall consider the merits of an unsolicited offer and make a recommendation to the Municipal Manager.

6.1.1.4.6 The bid adjudication committee shall report to the Municipal Manager any recommendation made to award a contract to a tenderer other than the tenderer recommended by the bid evaluation committee, giving reasons for making such a recommendation.

6.1.1.4.7 The bid adjudication committee shall not make a recommendation for an award of a contract or order if the recommended tenderer or framework contractor has:

- a) made a misrepresentation or submitted false documents in competing for the contract or order; or
- b) been convicted of a corrupt or fraudulent act in competing for any contract during the past five years.

6.1.1.4.8 The bid adjudication committee may on justifiable grounds and after following due process, disregard the submission of any tenderer if that tenderer or any of its directors, members or trustees or partners has abused the delivery management system or has committed fraud, corruption or any other improper conduct in relation to such system. The National Treasury and the Western Cape Provincial Treasury shall be informed where such tenderers are disregarded.

6.1.2 Actions of an authorised person relating to the award of a contract or an order

6.1.2.1 Award of a contract

6.1.2.1 The authorised person shall, if the value of the contract inclusive of VAT, is within his or her delegation, consider the report(s) and recommendations of the bid adjudication committee, or in the case of the awards for contracts below the quotation threshold, the recommendation of the Relevant Director, and either:

- a) award the contract after confirming that the report is complete and addresses all considerations necessary to make a recommendation and budgetary provisions are in place; or
- b) decide not to proceed or to start afresh with the process.

6.1.2.2 The authorised person shall immediately notify the Municipal Manager if a tender other than the recommended tender is awarded, save where the recommendation is changed to rectify an irregularity. Such person shall, within 10 working days, notify in writing the Auditor-General, the National Treasury and Western Cape Provincial Treasury, and, in the case of a municipal entity, also the parent municipality, of the reasons for deviating from such recommendation.

6.1.2.3 Issuing of an order

The authorised person shall, if the value of an order issued in terms of a framework contract, is within his or her delegation, consider the recommendation of the bid evaluation committee or the relevant Director, as relevant, and either:

- a) authorise the issuing of an order in accordance with the provisions of clause 4.25 of the standard; or
- b) decide not to proceed or to start afresh with the process.

6.1.3 Conduct of those engaged in infrastructure delivery

6.1.3.1 General requirements

6.1.3.1.1 All personnel and agents of Theewaterskloof Municipality shall comply with the requirements of the CIDB Code of Conduct for all Parties engaged in Construction Procurement.

They shall:

- a) behave equitably, honestly and transparently;
- b) discharge duties and obligations timeously and with integrity;
- c) comply with all applicable legislation and associated regulations;
- d) satisfy all relevant requirements established in procurement documents;
- e) avoid conflicts of interest; and
- f) not maliciously or recklessly injure or attempt to injure the reputation of another party.

6.1.3.1.2 All personnel and agents engaged in Theewaterskloof Municipality's infrastructure delivery management system shall:

- a) not perform any duties to unlawfully gain any form of compensation, payment or gratification from any person for themselves or a family member or an associate;
- b) perform their duties efficiently, effectively and with integrity and may not use their position for private gain or to improperly benefit another person;
- c) strive to be familiar with and abide by all statutory and other instructions applicable to their duties;
- d) furnish information in the course of their duties that is complete, true and fair and not intended to mislead;
- e) ensure that resources are administered responsibly;
- f) be fair and impartial in the performance of their functions;
- g) at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual;
- h) not abuse the power vested in them;
- i) not place themselves under any financial or other obligation to external individuals or firms that might seek to influence them in the performance of their duties;
- j) assist Theewaterskloof Municipality in combating corruption and fraud within the

- infrastructure procurement and delivery management system;
- k) not disclose information obtained in connection with a project except when necessary to carry out assigned duties;
 - l) not make false or misleading entries in reports or accounting systems; and
 - m) keep matters of a confidential nature in their possession confidential unless legislation, the performance of duty or the provision of the law require otherwise.

6.1.3.4 Non-disclosure agreements

Confidentiality agreements in the form of non-disclosure agreements shall, where appropriate, be entered into with agents and potential contractors to protect Theewaterskloof Municipality's confidential information and interests.

6.1.3.5 Gratifications, hospitality and gifts

6.1.3.5.1 The employees and agents of Theewaterskloof Municipality shall not, directly or indirectly, accept or agree or offer to accept any gratification from any other person including a commission, whether for the benefit of themselves or for the benefit of another person, as an inducement to improperly influence in any way a procurement process, procedure or decision.

6.1.3.5.2 The employees and agents of Theewaterskloof Municipality as well as their family members or associates shall not receive any of the following from any tenderer, respondent or contractor or any potential contractor:

- a) money, loans, equity, personal favours, benefits or services;
- b) overseas and local trips; or
- c) any gifts or hospitality irrespective of value from tenderers or respondents prior to the conclusion of the processes associated with a call for an expression of interest or a tender.

6.1.3.5.3 The employees and agents of Theewaterskloof Municipality shall not purchase any items at artificially low prices from any tenderer, respondent or contractor or any potential contractor at artificially low prices which are not available to the public.

6.1.3.5.4 Under no circumstances shall gifts be accepted from prospective contractors during the evaluation of calls for expressions of interest, quotations or tenders that could be perceived as undue and improper influence of such processes.

6.1.3.5.5 Employees and agents of Theewaterskloof Municipality shall without delay report to the Municipal Manager or Chief Financial Officer any incidences of a respondent, tenderer or contractor who directly or indirectly offers a gratification to them or any other person to improperly influence in any way a procurement process, procedure or decision.

6.1.3.6 Reporting of breaches

Employees and agents of Theewaterskloof Municipality shall promptly report to the Municipal Manager or Chief Financial Officer any alleged improper conduct which they may become aware of, including any alleged fraud or corruption.

6.1.4 Measures to prevent abuse of the infrastructure delivery system

The Municipal Manager or Chief Financial Officer shall investigate all allegations of corruption, improper conduct or failure to comply with the requirements of this policy against an employee or an agent, a contractor or other role player and, where justified:

- a) take steps against an employee or role player and inform the National Treasury and Western Cape Provincial Treasury of those steps;
- b) report to the South African Police Service any conduct that may constitute a criminal offence;
- c) lodge complaints with the Construction Industry Development Board or any other relevant statutory council where a breach of such council's code of conduct or rules of conduct are considered to have been breached;
- d) cancel a contract if:
 - 1) it comes to light that the contractor has made a misrepresentation, submitted falsified documents or has been convicted of a corrupt or fraudulent act in competing for a

- particular contract or during the execution of that contract; or
- 2) an employee or other role player committed any corrupt or fraudulent act during the tender process or during the execution of that contract.

6.1.5 Awards to persons in the service of the state

6.1.5.1 Any submissions made by a respondent or tenderer who declares in the Compulsory Declaration that a principal is one of the following shall be rejected:

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

6.1.5.2 The notes to the annual financial statements of the Theewaterskloof Municipality shall disclose particulars of any award to a person who is a family member of a person identified in 6.1.5.1 or who has been in the previous 12 months. Such notes shall include the name of the person, the capacity in which such person served and the amount of the award.

6.1.6 Collusive tendering

Any submissions made by a respondent or tenderer who fails to declare in the Compulsory Declaration that the tendering entity:

- a) is not associated, linked or involved with any other tendering entity submitting tender offers; or
- b) has not engaged in any prohibited restrictive horizontal practices including consultation, communication, agreement, or arrangement with any competing or potential tendering entity regarding prices, geographical areas in which goods and services will be rendered, approaches to determining prices or pricing parameters, intentions to submit a tender or not, the content of the submission (specification, timing, conditions of contract etc.) or intention to not win a tender shall be rejected.

6.1.7 Placing of contractors under restrictions

6.1.7.1 If any tenderer which has submitted a tender offer or a contractor which has concluded a contract has, as relevant:

- a) withdrawn such tender or quotation after the advertised closing date and time for the receipt of submissions;
- b) after having been notified of the acceptance of his tender, failed or refused to commence the contract;
- c) had their contract terminated for reasons within their control without reasonable cause;
- d) offered, promised or given a bribe in relation to the obtaining or the execution of such contract;
- e) acted in a fraudulent, collusive or anti-competitive or improper manner or in bad faith towards Theewaterskloof Municipality; or
- f) made any incorrect statement in any affidavit or declaration with regard to a preference claimed and is unable to prove to the satisfaction of Theewaterskloof Municipality that the statement was made in good faith or reasonable steps were taken to confirm the correctness of the statements,

The relevant Director shall prepare a report on the matter and make a recommendation to the Municipal Manager for placing the contractor or any of its principals under restrictions from doing business with the Theewaterskloof Municipality.

6.1.7.2 The Municipal Manager may, as appropriate, upon the receipt of a recommendation made in terms of 6.1.7.1 and after notifying the contractor of such intention in writing and giving written reasons for such action, suspend a contractor or any principal of that contractor from submitting a tender offer to Theewaterskloof Municipality for a period of time.

6.1.7.3 The Supply Chain Manager shall:

- a) record the names of those placed under restrictions in an internal register which shall be accessible to employees and agents of Theewaterskloof Municipality who are engaged in procurement processes; and
- b) notify the National Treasury and Western Cape Provincial Treasury and, if relevant, the Construction Industry Development Board, of such decision and provide them with the details associated therewith.

6.1.8 Complaints

6.1.8.1 All complaints regarding the Theewaterskloof Municipality's infrastructure delivery management system shall be addressed to the Municipal Manager. Such complaints shall be in writing.

6.1.8.2 The relevant Director shall investigate all complaints regarding the infrastructure procurement and delivery management system and report on actions taken to the Municipal Manager who will decide on what action to take.

6.2 Acquisition management

6.2.1 Unsolicited proposal

6.2.1.1 The Theewaterskloof Municipality is not obliged to consider unsolicited offers received outside a normal procurement process but may consider such an offer only if:

- a) the goods, services or any combination thereof that is offered is a demonstrably or proven unique innovative concept;
- b) proof of ownership of design, manufacturing, intellectual property, copyright or any other proprietary right of ownership or entitlement is vested in the person who made the offer;
- c) the offer presents a value proposition which demonstrates a clear, measurable and foreseeable benefit for Theewaterskloof Municipality;
- d) the offer is in writing and clearly sets out the proposed cost;
- e) the person who made the offer is the sole provider of the goods or service; and
- f) the Municipal Manager finds the reasons for not going through a normal tender processes to be sound.

6.2.1.2 The Municipal Manager may only accept an unsolicited offer and enter into a contract after considering the recommendations of the bid adjudication committee if:

- a) the intention to consider an unsolicited proposal has been made known in accordance with Section 21A of the Municipal Systems Act of 2000 together with the reasons why such a proposal should not be open to other competitors, an explanation of the potential benefits for the Theewaterskloof Municipality and an invitation to the public or other potential suppliers and providers to submit their comments within 30 days after the notice;
- b) the Theewaterskloof Municipality has obtained comments and recommendations on the offer from the National Treasury and Western Cape Provincial Treasury;
- c) the bid adjudication committee meeting which makes recommendations to accept an unsolicited proposal was open to the public and took into account any public comments that were received and any comments and recommendations received from the National Treasury and Western Cape Provincial Treasury; and
- d) the provisions of 6.2.1.3 are complied with.

6.2.1.3 The Municipal Manager shall, within 7 working days after the decision to award the unsolicited offer is taken, submit the reasons for rejecting or not following the recommendations to the National Treasury, the Western Cape Provincial Treasury and Auditor General. A contract shall in such circumstances not be entered into or signed within 30 days of such submission.

6.2.2 Tax and rates compliance

6.2.2.1 SARS tax clearance

6.2.2.1.1 No contract may be awarded or an order issued where the value of such transaction exceeds R 30 000, unless a tenderer or contractor is in possession of a valid Tax Clearance Certificate or issued by SARS provided that the tenderer is not domiciled in the Republic of South Africa and the SARS has confirmed that such a tenderer is not required to prove their tax compliance status.

6.2.2.1.2 In the case of a partnership, each partner shall comply with the requirements of 6.2.2.1.1.

6.2.2.1.3 No payment shall be made to a contractor who does not satisfy the requirements of 6.2.2.1.2. An employee of Theewaterskloof Municipality shall upon detecting that a tenderer or contractor is not tax compliant, immediately notify such person of such status.

6.2.2.2 Municipal rates and taxes

No contract may be awarded to a tenderer who, of the principals of that tenderer, owes municipal rates and taxes or municipal service charges to any municipality or a municipal entity and are in arrears for more than 3 months.

6.2.3 Declarations of interest

Tenders and respondents making submissions in response to an invitation to submit a tender or a call for an expression of interest, respectively shall declare in the Compulsory Declaration whether or not any of the principals:

- a) are an employee of the Theewaterskloof Municipality or in the employ of the state;
- b) have a family member or a business relation with a person who is in the employ of the state;
- or
- c) of the company was found guilty of any misconduct in terms of Supply Chain Management Regulations inclusive of any Legislative Requirements.

6.2.4 Invitations to submit expressions of interest or tender offers

6.2.4.1 All invitations to submit tenders where the estimated value of the contract exceeds R200 000 including VAT, except where a confined tender process is followed, and expressions of interest shall be advertised on the Theewaterskloof Municipality's website and on the National Treasury eTender Publication Portal. Advertisements shall be placed by the Supply Chain Management Unit.

6.2.4.2 Advertisements relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000 shall in addition to the requirements of 6.2.4.1 be advertised on the CIDB website. Advertisements shall be placed by the Supply Chain Management Unit.

6.2.4.3 Where deemed appropriate by Theewaterskloof Municipality an invitation to tender and a call for an expression of interest shall be advertised in suitable local and national newspapers and the Government Tender Bulletin as directed by such person. Advertisements shall be placed by the Supply Chain Management Unit.

6.2.4.4 Such advertisements shall be advertised for a period of at least 30 days before closure, except in urgent cases when the advertisement period may be shortened as determined by the Municipal Manager

7 Infrastructure procurement

7.1 Usage of procurement procedures

The Theewaterskloof Municipality shall use all applicable Supply Chain Management / Procurement administrative and compliance procedures that may be applicable to infrastructure procurement and delivery management.

7.2 Procurement documents

- 7.2.1 The forms of contract that may be used are the applicable contracts listed in Table 10 of the Standard for Infrastructure Procurement and Delivery Management (SIPDM).
- 7.2.2 The Theewaterskloof Municipality preapproved templates for Part C1 (Agreements and contract data) of procurement documents shall be utilised to obviate the need for legal review prior to the awarding of a contract. All modifications to the standard templates shall be approved by the relevant Director prior to being issued for tender purposes.
- 7.2.3 Disputes arising from the performance of a contract shall be finally settled in a South African court of law.
- 7.2.4 Additional requirement not stated or included in the standard templates, if any must be added; e.g. use of standard access specifications and health and safety specifications, etc.
- 7.2.5 The Municipal Declaration and returnable documents contained in the standard shall be included in all tenders for:
 - a) consultancy services; and
 - b) goods and services or any combination thereof where the total of the prices is expected to exceed R10 m including VAT.

7.3 Developmental procurement policy

The specific goals as set out in the Supply Chain Management Policy shall be stated upfront in the special conditions of tender for that specific contract, if feasible.

7.4 Payment of contractors

The Theewaterskloof Municipality shall settle all accounts within 30 days of invoice or statement as provided for in the contract.

7.5 Approval to utilise specific procurement procedures

- 7.5.1 Prior approval shall be obtained for the following procurement procedures from the following persons, unless such a procedure is already provided for in the approved procurement strategy:
 - a) Municipal Manager shall authorise the use of the negotiated procedure above the thresholds provided in the standard.
 - b) Municipal Manager shall authorise the approaching of a confined market except where a rapid response is required in the presence of, or the imminent risk of, an extreme or emergency situation arising from the conditions set out in the standard and which can be dealt with or the risks relating thereto arrested within 48 hours; and
 - c) the proposal procedure using the two-envelope system, the proposal procedure using the two- stage system or the competitive negotiations procedure.

7.5.2 The Municipal Manager must nominate and authorised a person to pursue a negotiated procedure in an emergency.

7.6 Receipt and safeguarding of submissions

7.6.1 A dedicated and clearly marked tender box shall be made available to receive all submissions made.

7.6.2 The tender box shall be fitted with two locks and the keys kept separately at the Supply Chain Management Unit and at the Technical Directorate. Such personnel shall be present when the box is opened on the stipulated closing date for submissions.

7.7 Opening of submissions

7.7.1 Submissions shall be opened by an opening panel comprising two people nominated by the Chief Financial Officer who have declared their interest or confirmed that they have no interest in the submissions that are to be opened.

7.7.2 The opening panel shall open the tender box at the stipulated closing time and:

- a) sort through the submissions and return those submissions to the box that are not yet due to be opened including those whose closing date has been extended;
- b) return submissions unopened and suitably annotated where:
 - 1) submissions are received late, unless otherwise permitted in terms of the submission data;
 - 2) submissions were submitted by a method other than the stated method,
 - 3) submissions were withdrawn in accordance with the procedures contained in SANS 10845-3; and.
 - 4) only one tender submission is received and it is decided not to open it and to call for fresh tender submissions;
- c) record in the register submissions that were returned unopened;
- d) open submissions if received in sealed envelopes and annotated with the required particulars and read out the name of and record in the register the name of the tenderer or respondent and, if relevant, the total of prices including VAT where this is possible;
- e) record in the register the name of any submissions that is returned with the reasons for doing so;
- f) record the names of the tenderer's representatives that attend the public opening;
- g) sign the entries into the register; and
- h) stamp each returnable document in each tender submission.

7.7.3 Each member of the opening panel shall initial the front cover of the submission and all pages that are stamped in accordance with the requirements of 7.7.2(h).

7.7.4 Respondents and tenderers whose submissions are to be returned shall be afforded the opportunity to collect their submissions.

7.7.5 Submissions shall be safeguarded from the time of receipt until the conclusion of the procurement process.

7.8 Use of another organ of state's framework agreement

The Theewaterskloof Municipality may make use of another organ of state's framework contract which has been put in place by means of a competitive tender process and there are demonstrable benefits for doing so. The Municipal Manager shall make the necessary application to that organ of state to do so.

7.9 Insurances

7.9.1 Contractors shall be required to take out all insurances required in terms of the contract

7.9.2 The insurance cover in engineering and construction contracts for loss of or damage to

property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract shall in general not be less than the value stated in Table 4, unless otherwise directed by the Chief Financial Officer.

- 7.9.3 Lateral earth support insurance in addition to such insurance shall be take out on a case by case basis.

Table 4: Minimum insurance cover

Type of Insurance	Value
Engineering and construction contracts - loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract	Not less than R20 million
Professional services and service contracts - death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract or damage to property	Not less than R10 million
Professional indemnity insurance	geotechnical, civil and structural engineering: RS,0 million electrical, mechanical and engineering: R3,0 million architectural: R5,0 million other: R3,0 million

- 7.9.4 The insurance cover in professional services and service contracts for damage to property or death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract shall not be less than the value stated in Table 4 for any one event unless otherwise directed by the Chief Financial Officer.
- 7.9.5 SASRIA Special Risk Insurance in respect of riot and associated risk of damage to the works, Plant and Materials shall be taken out on all engineering and construction works.
- 7.9.5 Professional service appointments shall as a general rule be subject to proof of current professional indemnity insurance being submitted by the contractor in an amount not less than the value stated in Table 4 in respect of each claim, without limit to the number of claims, unless otherwise directed by the Chief Financial Officer in relation to the nature of the service that they provide.
- 7.9.6 Theewaterskloof Municipality shall take out professional indemnity insurance cover where it is deemed necessary to have such insurance at a level higher than the levels of insurance commonly carried by contractors.
- 7.9.7 Where payment is to be made in multiple currencies, either the contractor or Theewaterskloof Municipality should be required to take out forward cover. Alternatively, the prices for the imported content should be fixed as soon as possible after the starting date for the contract.

7.10 Written reasons for actions taken

- 7.10.1 Written reasons for actions taken shall be provided by the relevant Director.
- 7.10.2 The written reasons for actions taken shall be as brief as possible and shall as far as is possible, and where relevant, be framed around the clauses in the:
- SANS 10845-3, Construction procurement - Part 3: Standard conditions of tender, and, giving rise to the reason why a respondent was not short listed, prequalified or admitted to a data base; or
 - SANS 10845-4, Construction procurement - Part 4: Standard conditions for the calling

for expressions of interest;

as to why a tenderer was not considered for the award of a contract or not awarded a contract.

- 7.10.3 Requests for written reasons for actions taken need to be brief and to the point and may not divulge information which is not in the public interest or any information which is considered to prejudice the legitimate commercial interests of others or might prejudice fair competition between tenderers.

7.11 Request for access to information

- 7.11.1 Should an application be received in terms of Promotion of Access to Information Act of 2000 (Act 2 of 2000), the “requestor” should be referred to the Theewaterskloof Municipality Information Manual which establishes the procedures to be followed and the criteria that have to be met for the “requester” to request access to records in the possession or under the control of Theewaterskloof Municipality.
- 7.11.2 Access to technical and commercial information such as a comprehensive programme which links resources and prices to such programme should be refused as such information provides the order and timing of operations, provisions for time risk allowances and statements as to how the contractor plans to do the work which identifies principal equipment and other resources which he plans to use. Access to a bill of quantities and rates should be provided in terms of the Act.

General declaration:

This policy will be adopted on 1 July 2017 and will be phased in for full implementation by 1 July 2020.

Implementation by 01 July 2017:

1. Action 1: Establish a suitable SCM Policy for Infrastructure Procurement and Delivery Management;
2. Establish agency agreements between organs of state if projects are implemented on behalf of another organ of state; and
3. Apply the prescribed control frameworks and record approval / acceptance at the relevant gates.

Implemented by 01 July 2020:

1. Establish implementation plans;
2. Develop procurement documents in accordance with the provisions of the SIPDM; and
3. Ensure that built environment professionals perform designated functions as provided for in the SIPDM.

Commencement: This Policy took effect on 01 July 2017

<i>Approved/Amended</i>	<i>Meeting</i>	<i>Date</i>	<i>Council Resolution No.</i>
<i>Approved</i>	<i>Council</i>	<i>2017/06/28</i>	<i>C123/2017</i>
<i>Reviewed</i>	<i>SCM and CFO</i>	<i>2017/11/07</i>	<i>N/A</i>
<i>Approved Amended Policy</i>	<i>Council</i>	<i>2017/11/30</i>	<i>C239/2017</i>
<i>Reviewed</i>	<i>SCM and CFO</i>	<i>2019/05/07</i>	<i>N/A</i>
<i>Approved</i>	<i>Council</i>	<i>2019/05/28</i>	<i>C85/2019</i>
<i>Reviewed</i>	<i>SCM and CFO</i>	<i>2026/02/20</i>	
<i>Approved</i>	<i>Council</i>		