

KAROO HOOGLAND MUNICIPALITY



SUPPLY CHAIN MANAGEMENT POLICY 2021/2022

Council resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the following proposal as the Supply Chain Management Policy of the Karoo Hoogland Municipality.

APPROVED BY COUNCIL ON (DATE): 12 November 31 Mei 2021
COUNCIL RESOLUTION NR: 8.2
IMPLEMENTATION DATE: 1 July 2021

Policy for adoption by municipalities in terms of section 111 of the Municipal Finance Management Act, No 56 of 2003, and the Municipal Supply Chain Management Regulations.

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DEFINITIONS

1. 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 –

“Municipality” means the Name of municipality

“Municipal entity” has the meaning assigned to it by Sectionn 1 of the Municipal systems Act, 2000.

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

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

“In the service of the state” means to be -

- (a) a member of -
 - (i) any municipal council;
 - (ii) any provincial legislature; or
 - (iii) 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 of 1999);
- (e) a member of the accounting authority of any national or provincial public entity;
or
- (f) an employee of Parliament or a provincial legislature;

“Sole Provider”- means a provider of specialized or exclusive goods/services who has a sole distribution / patent /manufacturing rights and copy rights.

“Senior manager” - means an executive director appointed in terms of section 56 of the Municipal Systems Act, 2000 or an acting executive director appointed by the Accounting Officer.

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

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

“The regulations” means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 10684 of 2017;

B-BBEE – means broad based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act;

B-BBEE Status Level of Contributor – means the B-BBEE status of an entity in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad Based Black Economic Empowerment Act; “Black People”; has the meaning assigned to it in section 1 of the Broad Based Black Economic Empowerment Act;

Black Designated Groups – has the meaning assigned to it in the codes of good practice issued in terms of section 9(1) of the Broad Based Black Economic Empowerment Act;

Broad Based Black Economic Empowerment Act – means the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)

Co-Operative – means a co-operative registered in terms of section 7 of the Co-operatives ACT, 2005 (Act No. 14 of 2005);

Designated Group means –

(a) black designated groups;

(i) black people;

(ii) women;

(iii) people with disabilities, or

(iv) small enterprises, as defined in section 1 of the National Small Enterprise Act, (Act No. 102 of 1996);

“Designated Sector” – means a sector, sub-sector or industry or product designated in terms of regulation 8(1) (a)

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

“Functionality” – means the ability of a tenderer to provide goods or services in accordance with specifications as set out in the tender documents;

“Military Veteran” – has the meaning assigned to it in section 1 of the Military Veterans Act, 2011 (Act No. 18 of 2011);

“National Treasury” has the meaning assigned to it in section 1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999);

“People with Disabilities”- has the meaning assigned to it in section 1 of the Employment Equity Act, 1998 (Act No. 55 of 1998);

“Price” – includes all applicable taxes less all unconditional discounts,

“Proof of B-BBEE Status Level of Contributor ” – means –

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

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

“Rural Area” - means

- (a) a sparsely populated area in which people farm or depend on natural resources, including villages and small towns that are dispersed through the area; or
- (b) an area including a large settlement which depends on migratory labour and remittances and government social grants for survival, and may have a traditional land tenure system.

“Stipulated Minimum Threshold” – means the minimum threshold stipulated in terms of regulation 8 (1) (b);

“Township” – means an urban living area that any time from the late 19th century until 27 April 1994, was reserved for black people, including areas developed for historically disadvantaged individuals post 27 April 1994;

“Treasury” – has the meaning assigned to it in section 1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999); and

“Youth” – has the meaning assigned to it in section 1 of the National Youth Development Agency Act, 2008 (Act No. 54 of 2008)

“Accredited” means goods / services that are officially recognized, are generally accepted or having a guaranteed quality.

“Competitive bid” means a bid in terms of a competitive bidding process;

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

“Accounting officer” means the Accounting Officer referred to in section 60 of the Municipal Finance Management Act, No. 56 of 2003, in relation to a municipal entity, means the official referred to in section 93, and includes a person acting as the accounting officer.

“Accredited Agent” means a provider who is authorized to deliver certain goods / services and can be trading in a specific area, however, an accredited agent is not a sole provider.

“Emergency procurement” emergency cases are cases where immediate action is necessary in order to avoid dangerous or risky situation (life threatening) or misery such as floods or fires.

“Exceptional / urgent cases” exceptional cases are cases where early delivery is of critical importance and the invitation of competitive bids is either impossible or impractical. However a lack of proper planning should not be constituted as an urgent case subject to the approval of the Accounting Officer. The nature of the urgency and the details of the justifiable procurement must be recorded and the AO to approve.

"Final award", in relation to bids or quotations submitted for a contract, means bids or quotations submitted for a contract, means the final decision on which-bid or quote to accept;

"Written or verbal quotations" means quotations referred to in paragraph 12(1)(b) of this Policy

"Formal written price quotation" means quotations referred to in paragraph 12 (1) (c) of this Policy;

"Fruitless and wasteful expenditure"- is defined in section 1 of the MFMA as follows: expenditure made in vain and would have been avoided had reasonable care been exercised;

"Irregular expenditure"- as contemplated in MFMA section 32 and refers to the;

- Municipal Finance Management Act, Act56 of 2003, and its regulations
- Municipal Systems Act, Act 32 of 2000, and its regulations
- Public Office-Bearers Act, Act20 of 1998, and its regulations; and
- The municipality's supply chain management policy, and any by-laws giving effect to that policy.

"Long term contract" means a contract with a duration period exceeding one year;

"List of accredited prospective providers" means the list of accredited prospective providers which the municipality must keep in terms of paragraph 14 of this policy;

"Central Supplier Database (CSD)"- is a single database to serve as the source of all supplier information for all spheres of government. The purpose of centralising government's supplier database is to reduce duplication of effort and cost for both supplier and government while enabling electronic procurement processes.

e-Tender Publication Portal - facilitates all government institutions to publish their tenders, corrigendum and award notices on a single platform. This portal gives FREE access to public sector tender opportunities in South Africa.

"Transversal contract" means a contract arranged for more than one dept/mun or for more than one level of government eg. National and Provincial Government.

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

"Unauthorized expenditure" - means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11 [3] and includes-

[a] overspending of the total amount appropriated in the municipality's approved budget;

[b] overspending of the total amount appropriated for a vote in the approved budget;

[c] expenditure from a vote unrelated to the department or functional area covered by the vote;

[d] expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;

[e] spending of an allocation referred to in paragraph [b], [c] or [d] of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or

[f] a grant by the municipality otherwise than in accordance with the MFMA.

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Supply chain management policy

2.1 All officials and other role players in the supply chain management system of the municipality must implement this Policy in a way that

- a) gives effect to -
 - (i) section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
- b) is fair, equitable, transparent, competitive and cost effective;
- c) complies with -
 - (i) the Regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
- d) is consistent with other applicable legislation;
 - Broad Based Black Economic Empowerment Act [B-BBEEA];
 - Corruption Act, 1998 – anti-corruption measures and practices;
 - Competition Law and Regulations;
 - Promotion of Administrative Justice Act, 2000;
 - National Archives of South Africa Act, 1996;
 - National Small Business Act;
 - Construction Industry Development Board Act, 2000 [Act no 38 of 2000].
 - Preferential Procurement Policy Framework Act
- e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
- f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

2.2 The municipal entity must, in addition to complying with subparagraph (1), apply this Policy, to the extent determined by the parent municipality, in a way that and that is consistent with the supply chain management policy of the municipality.

2.3 This Policy applies when the municipality-

- (a) procures goods or services;
- (b) disposes goods no longer needed;

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

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

- (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
- (b) electricity from Eskom or another public entity, another municipality or a municipal entity.

3. Amendment of the supply chain management policy

- 3.1 The accounting officer must -
 - (a) at least annually review the implementation of this Policy; and
 - (b) when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the council.
- 3.2 If the accounting officer submits proposed amendments to the council that differs from the model policy issued by the National Treasury, the accounting officer must-
 - (a) ensure that such proposed amendments comply with the Regulations; and
 - (b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.
- 3.3 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.