



City of Joburg Property Company SOC Ltd.

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DOCUMENT CONTROL

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| Policy | Supply Chain Management Policy |
| Owner | Manager: Supply Chain |
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| Effective date | 18 April 2018 |
| Approval Date | 18 April 2018 |



Non-Executive Directors: Patrick Corbin (Chairperson), Newton Baloyi,
Modi Hlobo, Prof Aly Karam, Owen Kemp,
Oscar Maseko, Maggie Molapelo
Executive Directors: Helen Botes (Chief Executive Officer)
Imraan Bhamjee (Chief Financial Officer)
Company Secretary: Patrick Corbin
City of Joburg Property Company SOC Ltd.
Registration Number: 2000/017147/07



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Attention: Imraan Bhamjee - IBhamjee@jhbproperty.co.za
Telephone: 010 219 9000

Approval

The signatories hereof, being duly authorised thereto, by their signatures hereto authorise the execution of the policy detailed herein, or confirm their acceptance of the contents hereof and authorise the implementation/adoption thereof, as the case may be, for and on behalf of the JPC represented by them.

Chief Executive Officer: Helen Botes

18/4/2018

Date

Chief Financial Officer: Imraan Bhamjee

18/04/2018

Date

Chairperson: Patrick Corbin

13/5/2018

Date



Non-Executive Directors: Patrick Corbin (Chairperson), Newton Baloyi,
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CHAPTER 1

1. DEFINITIONS

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

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| “Accounting Officer” | Means the municipal official who is the managing Director of the JPC |
| “Agent” | Means an appointed person or a firm by the JPC who is authorized to act on behalf of the JPC |
| “Board of Directors” | Means the Board of Directors of the JPC |
| “Broad Based Black Economic Empowerment (BBBEE)” | Means the economic empowerment of all black people living in rural areas through diverse but integrated socio-economic strategies that include, but not limited to- (a) Increasing the number of black people that manage, own and control enterprises and productive assets; (b) Facilitating ownership and management of enterprises productive assets by communities, workers, cooperative and other collective enterprises (c) Human resource and skills development (d) Achieving equitable representation in all occupational categories and levels in the workforce (e) Preferential procurement; and (f) Investment in enterprise that are owned or managed by black people |



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| "CIDB" | Means the Construction Industry Development Board Act, 2000 (Act No 38 of 2000) |
| "Competitive bid" | Means a bid in terms of a competitive bidding process; |
| "Competitive bidding process" | Means a competitive bidding process referred to in paragraph 19.3 of this Policy; |
| "Consultant" | A person who is employed to render professional services or advice to the JPC |
| "Contract Duration" | Means the contract period as stipulated in the agreement between the two parties |
| "Delegation" | In relation to a duly, includes an instruction or request to perform or to assist in performing the duty |
| "Deviation" | Means deviating from procurement processes |
| "Final award" | In relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept; |
| "Formal written price quotation" | Means quotations referred to in paragraph 19.2 of this policy; |
| "Fruitless and wasteful expenditure" | Means expenditure that was made in vain and would have been avoided had reasonable care been taken; |
| "Fruitless and wasteful expenditure" | Means expenditure that was made in vain and would have been avoided had reasonable care been exercised |
| "Heads of Departments" | Means any Executive Manager of the JPC, including any Manager who reports directly to the Managing Director; |



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| <p>"In the service of the state"</p> | <p>Means:</p> <ul style="list-style-type: none"> a) an employee of any municipality who has a performance contract with the municipality and is employed on a permanent, temporary or short term basis; b) an employee or public servant of any national or provincial government as defined in terms of Public Services Act; c) a member who – <ul style="list-style-type: none"> i. is a councilor of any municipal council as defined in the Local Government Municipal Structures Act (Act No 117 of 1998); ii. is a politician serving in any provincial legislature; or iii. is a politician serving in the National Assembly or the National Council of Provinces; d) a member of the board of directors of any municipal entity; e) an employee and a member of a government owned entity as defined in the Public Finance Management Act (Act No 1 of 1999); and/or f) Such other meaning ascribed to it by National Legislation from time to time. |
| <p>"Irregular expenditure"</p> | <p>In relation to a municipality or municipal entity means-</p> <ul style="list-style-type: none"> a) Expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170 b) Expenditure incurred by a municipality or municipal |



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| | <p>entity in contravention of, or that is not in accordance with, a requirement of the municipal System Act, and which has not been condoned in terms of that Act;</p> <p>c) Expenditure incurred by a municipal in contravention of, or that is not in accordance with, a requirement of the public office-bearers Act, 1998 (Act 20 of 1998)</p> <p>d) Expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Supply Chain Management policy of the municipality's by laws giving effect to such policy, and which has not been condoned in terms of such policy or by law.</p> |
| "JPC" | Means the City of Joburg Property Company (SOC) Ltd, a company duly registered in terms of the laws of South Africa, with registration number 2000/017142/07, the JPC is furthermore wholly owned by the City of Johannesburg Metropolitan Municipality and is classified as a Municipal Entity in terms of the Act. |
| "Long term contract" | Means a contract with a duration period exceeding three years. |
| "Managing Director" | Means an official appointed by the board of directors in conjunction with the council of COJ, acting as the accounting officer of the JPC. |
| "Municipal Finance Management Act (MFMA)" | Means the local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) |



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| "MOE" | Municipal Owned Entity |
| "Municipal Service" | Means a service that the JPC, in terms of its powers and functions, provides or may provide to or for the benefit of the local community irrespective of whether- <ul style="list-style-type: none"> a) Such a service is provided or to be provided by the JPC through an internal or an external mechanism, as contemplated in section 76 of the System Act b) Fees, charges or tariffs are levied in respect of such a service or not. |
| "Negotiations" | Shall mean a dialogue intended to resolve disputes to produce an agreement upon courses of action. The company can engage into cost, terms of reference negotiations and other materials emanated from the request made to SCM. |
| "Other applicable legislation" | Means any other legislation applicable to Municipal Supply Chain Management, including, but not limited to:– <ul style="list-style-type: none"> i. The Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000); ii. The Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and iii. The Construction Industry Development Board Act, 2000 (Act No.38 of 2000). |
| "Preferential Procurement Policy" | The preferential procurement policy framework Act (PPPFA) and its 2001 regulations set a framework within which persons disadvantaged by unfair discrimination must be |



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



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



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| Ownership | spend and opportunity cost associated within a specific goods and services. |
| "Treasury guidelines" | Means any guidelines on Supply Chain Management issued by the Minister in terms of section 168 of the Act. |
| "Two-stage bidding" | Means two stage bidding process referred to in paragraph 19.3.2 of this policy. |
| "Unsolicited bid" | Means bids as defined in paragraph 19.6 (1) of this policy |
| "Value for Money" | Means the best available outcome when all relevant costs and benefits over the procurement cycle are considered. |
| "Practice Notes" | Means all Supply Chain Management Practice Notes issued from time to time by the CFO in accordance with paragraph 41 of this Policy |

CHAPTER 2

ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

1. PURPOSE OF THE POLICY

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



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2. EFFECTIVE DATE

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

3. PRINCIPLES ASCRIBED TO IN THIS POLICY

This Policy ascribes to the following principles-

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

4. JPC'S COMMITMENT

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

- (a) The implementation and full compliance of Supply Chain Management policies and practices as envisaged by the Act and its Regulations.
- (b) Fair, equitable, transparent and competitive Supply Chain Management practices and processes. To this extent, the JPC will accord all, a fair administrative process whenever procuring or disposing of goods and services.
- (c) Sourcing goods and services at competitive market prices taking into account the Total Cost of Ownership (TCO) concept and value adding principles;



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- (d) Enhancing healthy and mutually beneficial relationships with suppliers of goods and services and user departments and regions, based on integrity, honesty, professionalism and ethics.
- (e) Utilization of the City's buying power as leverage to ensure effective implementation of Broad Based Black Economic Empowerment objectives.
- (f) Enhance the JPC's viability and competitiveness through effective and efficient Supply Chain practices and systems.
- (g) Economic development of local communities, Small Medium and Micro enterprises, women-owned enterprises, youth-owned and disabled-owned enterprises within the area of jurisdiction of the JPC.
- (h) Confidential treatment of all information received and held within.
- (i) Objectives and provisions of the Competitions Act and demands of all suppliers full compliance thereto.
- (j) The principles and provisions contained in the Promotion of Access to Information Act.
- (k) The JPC fully supports the Proudly South African Campaign and will as far as practical seek to award business to service providers with high local content in their products and services.

5. APPLICABILITY OF THIS POLICY

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

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

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



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6. REVIEW AND AMENDMENT OF THIS POLICY

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

7. OVERSIGHT ROLE OF THE JPC BOARD OF DIRECTORS

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

8. DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES

- (1) The JPC Board hereby delegates the following powers and duties to the Managing Director, as the accounting officer –
 - (a) To discharge the Supply Chain Management responsibilities conferred on Managing Director in terms of:-
 - (i) Chapter 8, 10 and 11 of the Act;



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- (ii) The Supply Chain Management Policy of the JPC;
- (b) To maximise administrative and operational efficiency in the implementation of the Policy;
- (c) To enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of the Policy.

9. SUB DELEGATIONS

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

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

Adjudication Committee

| No. | Committee | Chairperson | Value |
|-----|------------------------|---|--|
| 1. | Adjudication Committee | Managing Director | > R10 million VAT Inclusive |
| 2. | Adjudication Committee | Managing Director or nominated Executive Manager(s) | > R 5 m to R10 million VAT Inclusive for the contract / project duration |
| 3. | Adjudication | Executive Manager(s) | R200 000< R5 m VAT |



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| | Committee | | Inclusive, for the contract / project duration. |
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Written Price quotations from R10 000 to R200 000

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

VERBAL QUOTATIONS (Emergency and Urgent procurement)

Irrespective of the procurement value, an emergency procurement process will only apply in serious, unexpected and potentially dangerous circumstances which require immediate rectification

Verbal quotations can only be obtained if there is an emergency and urgency to execute such requirement in line with the SCM regulation 36 of the MFMA Act 56 of 2003

Requirements may be procured without inviting competitive bids or written quotations

All the information must be compiled

Suppliers must confirm their quotation in writing and if not so the information must be recorded by the requester



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Such quotations shall contain the date, time and details of the procurement steps taken

SCMU shall be responsible for emergency and urgent quotation and the appointment thereof

SCMU shall write the deviation to the JPC accounting officer

10. REPORTING REQUIREMENTS

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

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

- (a) Consolidated progress report on the implementation of this Policy within 10 days of the end of each quarter and 20 days of the end of each financial year including
 - (i) The amount of the award;
 - (ii) The name of the person to whom the award was made;
 - (iii) The reason why the award was made to that service provider; and
 - (iv) Details of the actual spend versus the spend for the month
- (b) Report on awards of unsolicited bids quarterly;
- (c) Report on all awards to close family members or persons in the service of the State or has been in the service of the State in the previous 12 months such reports must be submitted quarterly;
- (d) Report on any abuses found and the remedial actions taken on quarterly basis,
- (e) Report of all declarations made and gifts received by employees on quarterly basis.
- (f) Report on services procured from another organ of state on quarterly basis; and
- (g) Report all deviations in the implementation of this Policy and any remedial action taken or envisaged;



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

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

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

10.3 Reporting by JPC to Department of Trade and Industry-

- (a) The CFO shall, on behalf of the JPC, submit to the Department of Trade and Industry a report on all transactions/contracts to the value of R100 million and more with a foreign content of USD 10 million.
- (b) The CFO, on behalf of the JPC, submit to the Department of Trade and Industry all bids with a stipulated minimum threshold on local content.

10.4



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- (a) Publication of reports on the official website of the Company Publication of all CIDB projects on the CIDB Website.
- (b) All construction projects are to be reported on the CIDB website from commencement phase to completion.

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

11. APPROVAL AND MAINTENANCE

- (1) Amendments to this Policy shall be presented to and approved by the JPC board.
- (2) This Policy will be subject to a periodic review, every two (2) years or more frequently if required, to ensure that it remains relevant to changed circumstances.

12. SUPPLY CHAIN MANAGEMENT UNIT

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

13. TRAINING OF SUPPLY CHAIN MANAGEMENT EMPLOYEES

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



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14. PERFORMANCE MANAGEMENT

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



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CHAPTER 3

FORMAT OF SUPPLY CHAIN MANAGEMENT

15. SUPPLY CHAIN MANAGEMENT SYSTEMS

- (1) This Policy provides systems for –
- (a) Demand management;
 - (b) Acquisition management;
 - (c) Logistics management;
 - (d) Disposal management;
 - (e) Risk management; and
 - (f) Performance management.

PART 1:

DEMAND MANAGEMENT

16. DEMAND MANAGEMENT

- (1) To implement an effective and efficient Supply Chain Management system to ensure that the JPC ascribes to the following principles of demand management:-
- (a) Consolidation of the JPC's requirements through Supply Chain Management Unit to maximize economies of scale. To this extent all requirements must be processed through Supply Chain Management Unit;
 - (b) Clearly articulated requirements and specifications that meet the needs and expectations of multiple users. The specifications shall be unbiased, functional and not brand specific;



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- (c) Acquisition of all goods and services required must be outlined in terms of the Integrated Development Plan, quantified on monthly or quarterly basis in line with an approved business plan;
- (d) Similar requirements will necessitate one contract;
- (e) Where necessary at the discretion of the relevant Head of Department, Industry Analysis and Research should be undertaken to ensure best value for money.

PART 2:

ACQUISITION MANAGEMENT

17. SYSTEM OF ACQUISITION MANAGEMENT

- (1) The JPC shall only proceed with the acquisition of goods and services for which there is an approved budget. The onus will be on the relevant Head of Department to ensure that funds are available and the requirement is valid. All procurement of goods and services will be measured against approved acquisition plans. For any unplanned needs, permission shall be sought from the respective Heads of Departments.
- (2) The JPC's acquisition management will ensure:
 - (a) That goods and services are procured by the JPC in accordance with authorised processes only;
 - (b) That expenditure on goods and services is incurred in terms of an approved budget;
 - (c) that the threshold values for the different procurement mechanisms as contained in 19 below are complied with;
 - (d) That bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and



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- (e) That any National Treasury guidelines on acquisition management are properly taken into account.
- (3) This Policy, except where otherwise provide for herein, does not apply in respect of the procurement of goods and services contemplated in section 110 (2) of the Act, including:
- (a) Water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
 - (b) Including but not limited to electricity from Eskom or another public entity, another municipality or a municipal entity.
- (4) The following information will be made public whenever goods or services contemplated in section 110 (2) of the Act are procured other than through the Supply Chain Management system -
- (a) the kind of goods or services; and
 - (b) the name of the supplier.
 - (c) the total value of the contract or project; and
 - (d) delivery / completion period for the kind of goods or service

18. PROCUREMENT

18.1 MECHANISMS

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

| MECHANISM | Authority | TOTAL TRANSACTION |
|-----------|-----------|-------------------|
|-----------|-----------|-------------------|



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

18.2 GENERAL CONDITIONS APPLICABLE TO THE PROCUREMENT MECHANISM AND BIDS

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

- Full name;
- Identification number and VAT registration number
- Tax reference number and VAT registration number
- A valid original Tax statements from the municipality where the bidder or potential supplier resides
- Up to date Rates and Taxes statements from the municipality where the bidder or potential supplier resides
- In relation to the bids, a binding quotation
- In relation to the submission for the list of accredited suppliers and undertaking to do business with JPC on the terms and conditions supplied



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(h) A declaration form signed under oath stating

- Whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
- If the bidder or potential supplier is not a natural person, whether any of its directors, managers or principal shareholders are in the service of the state, or has been in the service of the state in the previous twelve months; or
- Whether the bidder or potential supplier is a spouse, child or parent of a person in the service of the state or municipal owned Entity or a director, manager, shareholder in the service of the state or a municipal owned entity.

18.3 PETTY CASH PURCHASES

- (1) In certain cases it is not possible or economically viable to procure goods and services through written quotation or competitive bidding processes. This situation will arise where the total costs of engaging in written quotation or competitive bidding far outweighs the value of the item(s) or services been sought. This situation is envisaged for items or services below R2 000 VAT inclusive only. The R2 000 (VAT inclusive) should be the total value of all of the JPC's requirements for a particular item or service for the entire financial year or the requirements must be so incidental that it is not viable/feasible for the JPC to establish a contract or keep stock.
- (2) This mechanism might also be utilized in an emergency situation where the total value of the goods or service is below R2 000 subjects to the authorized process being followed.
- (3) Petty cash vouchers should be authorized by the Head of the requesting department, in the absence of the Head of the Department may delegate to the immediate Senior Manager to authorize the petty cash voucher.



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- (4) The petty cash float should be maintained at R2 000.00, maximum petty cash purchases on a monthly basis should be capped at R30 000.00 for each HOD.
- (5) Petty cash will not be utilized to pay for capital expenditure; operating expenditure of less than R2 000.00 will be procured using Petty Cash.
- (6) The petty cash balance should be reconciled to the General Ledger account at the end of each month

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

- (1) To ensure that transparent and equitable objectives are adhered to at all times when procuring different goods and services, the JPC shall use the written quotation mechanism when:-
 - (a) The total value of goods and services is more than R2 000 but below or equal R10 000 inclusive of VAT. These thresholds apply to the yearly-consolidated requirements of the City;
 - (b) For this mechanism, the JPC may only obtain quotations from accredited suppliers registered on its Data-base. Only when there are no technically suitable suppliers on the data-base will the City use suppliers not registered.
 - (c) that all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must be advertised for at least seven days on the website and an official notice board of the municipality or municipal entity;
- (2) The quotations must be obtained in writing from at least three different suppliers. As far as possible all suppliers must be afforded an opportunity to quote on a rotational basis.
- (3) The relevant manager shall make the final decision on which supplier will be used after considering the written quotes.



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

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

- (1) To ensure that transparent and equitable objectives are adhered to at all times when procuring different goods and services, the JPC shall use the written quotation mechanism when:-



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- (a) The total value of goods and services is more than R10 000 but below or equal R200 000 inclusive of VAT. These thresholds apply to the yearly-consolidated requirements of the JPC;
 - (b) For this mechanism, the JPC may only obtain quotations from accredited suppliers registered on its Data-base. Only when there are no technically suitable suppliers on the data-base will the JPC use suppliers not registered in their data but will first check from the data base another MOE or parent municipality data base. If no supplier found from another MOE the report must be drawn.
- (2) The quotations must be obtained in writing from at least three different suppliers. As far as possible all suppliers must be afforded an opportunity to quote on a rotational basis.
- (3) The relevant and delegated manager shall make the final decision on which supplier will be used after considering the written quotes
- (4) Should it not be possible to obtain three quotations, the reasons must be recorded and supported by the Manager Supply Chain Management or the Head of Department as per delegated authority.
- (5) If there are frequent requirements, which the amount per transaction is less than or equal to R200 000 per user, such requirements must be consolidated and a contract be established through competitive bidding process.
- (6) Splitting of requirements with the sole intention of circumventing any of the procurement mechanism listed is not allowed.
- (7) Should the supplier not be on the JPC list of accredited suppliers all information as per clause 19.2 must be provided.



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(8) All quotations must contain the following information:

- Full name
- Identification number or registration number of the entity
- Tax reference number and VAT registration number
- Physical address
- Bank account details

18.6 COMPETITIVE BIDDING PROCESS

ADVERTISING OF BID

- All bids shall at least be advertised in the tender bulletin, Star Newspaper, Sowetan, Beeld, Business day and on the JPC website and media with national coverage where required.
- Advertisement shall be for at least 30 days for a transaction over R10million rand
- Bids can also be advertised for less than 30 days or 14 days if approved and only if it can be justified

BIDS BRIEFING SESSIONS

- Minutes of the meeting should be provided to all bidders if necessary as determined by the JPC and the access to information policy
- Any clarification, correction of errors, or modifications of the bid documents should be sent to all the bidders and also be addressed in the briefing session within reasonable time.

18.7.1 SINGLE STAGE COMPETITIVE BIDDING PROCESS



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- (1) To ensure transparency and equitability when procuring goods and services, the JPC shall use competitive bidding when-
 - (a) Procuring goods or services above value of R200 000 (VAT inclusive).
 - (b) Procuring goods and services requiring long-term contracts.
- (2) Services classified as essential shall only be procured through competitive bidding process.
- (3) Competitive bidding will be handled procedural.
- (4) Goods and services may not be deliberately split into parts or items of lesser value.
- (5) When determining transaction values, a requirement for goods and services consisting of different parts or items must as far as possible be treated as a single transaction, compliance to the above is enforced by the MFMA SCM reg 12(3) and reg 19(b).

18.7.2 TWO-STAGE COMPETITIVE BIDDING PROCESS

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



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- (ii) The second stage entails issuing out a detailed Request for Proposals to only short listed suppliers.

18.8 NEGOTIATIONS

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

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



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(d) Supplier(s) to be negotiated with, process followed and motivation for their selection.

(4) The outcome of the negotiations must be approved by the relevant Adjudication Committees and/or delegated authority before award.

(5) Records of all negotiations must be kept.

18.9 SOLE SUPPLIERS

(1) Procuring goods and services from sole supplier occur when:-

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

(2) Authorized agents must produce letter from Original Equipment Manufacturer (OEM) before award.

(3) For transparency and fairness all requirements categorized to be sourced from sole suppliers should be advertised.

18.10 UNSOLICITED BIDS

(1) Unsolicited bids are bids that are preemptively submitted by the prospective supplier(s) to JPC without any requirements been identified and advertised by the JPC. This situation arises when



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the supplier(s) identify an opportunity to render services or supply products not ordinarily required by the JPC.

- (2) The JPC may consider any unsolicited bids received outside a normal bidding process when:-
 - (a) The product or service is not in the budget and/or in the Integrated Development Plan;
 - (b) The business opportunity or cost saving opportunity is viable, innovative, demonstratively unique and essential;
 - (c) The person or entity who submitted the bid is the sole provider of the product or service.
- (3) To ensure transparency, fairness and to restrict abuse, the JPC must publicly advertise the requirement to allow other interested parties to submit bids provided:-
 - (a) The Request for Proposals will be generic and must protect the intellectual property and innovation of the unsolicited bidder;
 - (b) Prior to advertising, the unsolicited bidder will be informed of the JPC's intentions to invite public bids.
- (4) The JPC reserves the right to award the business to any competitive proposal besides the unsolicited bidder.
- (5) The Adjudication Committee must consider the recommended bid(s) emanating from the Unsolicited bid process and make final award.
- (6) The JPC reserves the right to reject any bidder who may have generated an unsolicited bid having used privileged information owned by the JPC.

18.11 PROCUREMENT OF CONSULTING SERVICES (APPOINTMENT OF CONSULTANTS)



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- (1) The Company may procure consulting services provided that any Treasury Guidelines in respect of consulting services are taken into account when such procurements are made.
- (2) Consultancy services must, subject to paragraph 16.2(8) above, be procured through competitive bids if:-
 - (a) the value of the contract exceeds R200 000 (VAT included); or
 - (b) the duration period of the contract exceeds one year.
- (3) In addition to any requirements prescribed by this Policy for competitive bids, bidders must furnish particulars of –
 - (a) all consultancy services provided to an organ of state in the last five years; and
 - (b) any similar consultancy services provided to an organ of state in the last five years.
- (4) Copyright in any document produced, and the patent rights and ownership in any plant, machinery, thing, system or process designed or devised by a consultant in the course of the consultancy service shall vest in the City.
- (5) The Managing Director shall introduce such steps as may be required to ensure that the provisions of sub-paragraph (4) above are complied with.

18.12 PROCUREMENT OF IT RELATED GOODS OR SERVICES

- (1) The procurement of all of the IT related goods or services must be made in accordance with the Company's approved IT strategy.
- (2) The Managing Director may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.



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- (3) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (4) The Managing Director must notify SITA together with a motivation of the IT needs if –
- (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
 - (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- (5) If SITA comments on the submission and the Company disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the Council, the National Treasury, the relevant Provincial Treasury and the Auditor General.

19. GENERAL CONDITIONS APPLICABLE TO THE CONSIDERATION OF WRITTEN QUOTATIONS

- (1) The JPC will only consider signed written quotations and bids that comply with the following requirements:
- (a) Binding quotations and bids that have the service provider's:–
 - (i) Full name;
 - (ii) Identification number or company registration number;
 - (ii) Tax reference number and VAT registration number;
 - (iii) A valid original Tax Clearance Certificate;
 - (iv) Up to date Rates and Taxes statements from the municipality where the service provider resides.



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- (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

20. PUBLIC INVITATION AND BID DOCUMENTATION FOR COMPETITIVE BIDS

- (1) The following procedure shall apply to the invitation of competitive bids:
- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the Company or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
 - (b) The information contained in a public advertisement, must include:
 - (i) the closure date for the submission of bids, which may not be less than 60 days in the case of a banking tender contemplated in paragraph 17.8 above, or 30 days in the case of transactions over R10 million (VAT included) or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to sub-paragraphs (2) and (5) below;
 - (ii) a statement that bids may only be submitted on the bid documentation provided by the City; and



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- (iii) the date, time and venue of any proposed site meetings or briefing sessions.
- (2) The Managing Director may determine a closing date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- (3) All bids submitted must be sealed.
- (4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.
- (5) In the case of a two-stage bidding process for transactions over R10 million (VAT included), a closing date of 30 days shall apply in respect of at least one of the stages whilst a closing date of 14 days shall apply to the other stage. The relevant Head of Department may determine which closing date period shall apply to which stage.
- (6) Bid documentation for a competitive bidding process must:–
 - (a) Take into account –
 - (i) the general conditions of contract and any special conditions of contract, if specified;
 - (ii) any Treasury guidelines on bid documentation; and
 - (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;



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- (b) Include the preference points system to be used, goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) Compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) If the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish—
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
 - (aa) for the past three years; or
 - (bb) since their establishment if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days, or certifying that an appropriate agreement has been entered into between the City and the relevant service provider for the repayment of all undisputed commitments for municipal services, in respect of which no payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;



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- (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
- (e) Stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African Court of Law in accordance with the provisions of applicable South African Law.
- (f) In terms of advertisement of requirements that are not on contract, quotations must be advertised on the Company's website and notice board for a period of 7 days.

21.1 REQUIREMENTS FOR THE INVITATION OF BIDS THAT INCLUDES FUNCTIONALITY AS A CRITERION

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

- (a) The invitation to bid must indicate that the bid will be evaluated on functionality. Bid invitation should clearly stipulate that the bid will be evaluated on functionality in order to give prospective bidders insight to the evaluation criteria and an understanding that the bidder will be required to demonstrate certain level of functional competence in order to compete effectively for the requirement for which a bid has been invited.
- (b) The bid document must indicate the evaluation criteria for measuring functionality. All the functional elements that will form part of the evaluation should be specified. Such elements should be quantifiable and measurable and clear guidelines in terms of how such are going to be evaluated should be given in order to ensure that the evaluation



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panel has a common understanding on how to evaluate and score bidders on functionality.

- (c) The bid document must indicate the weight for each criterion. Each functionality element must be allocated a weight and such must be in accordance with the significance of that element in relation to the totality of the functionality aspect. In essence, each element must be allocated a weight that demonstrates its worth relative to other elements that are going to be evaluated.
- (d) The applicable values as well as the minimum threshold for functionality. The range of values that are going to be utilized in the computation of the scores must be stipulated upfront and no deviations should be allowed once such has been decided even though such a deviation might not affect the final outcome.
- (e) The minimum participation threshold that a company must obtain for functionality in order to be considered for further evaluation must be outlined and all bidders who do not meet the required threshold must be disqualified.
- (f) All bids that do not have functionality element shall be evaluated and adjudicated on a straight 90/10 and 80/20 point system respectively, where 90 or 80 points will be for price and the 10 or 20 points will be B-BBEE level of contribution.
- (g) The assessment of functionality must first be done in terms of the evaluation criteria and the minimum threshold stipulated in the bid invitation. In other words, bids must first be evaluated and scored on the functionality elements.



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- (h) Only those bidders that meet the minimum threshold shall be considered for the subsequent stages of the evaluation process and all those who did not meet the minimum threshold shall be disqualified and not considered further.
- (i) Functionality will be scored out of 100 points. All bids that meet the set minimum threshold out of the 100 points for functionality must be evaluated. This implies that all bids that have been qualified in terms of functionality are all considered for further evaluation on price and B-BBEE status level of contribution, where 80 or 90 points must be used for price only and the 20 or 10 points are used for B-BBEE status level of contribution. The outcome of the evaluation of functionality no longer has a bearing on the subsequent stages of the evaluation process for all those bidders that have met the set minimum threshold.

21.2 REJECTION OF BIDS/NON-RESPONSIVE BIDS

- (1) Bidding documents must provide for the rejection of all bids if and when deemed necessary. This is justified when there is lack of effective competition or bids are not substantially responsive, provided that lack of competition should not be determined solely on the basis of the number of bidders.
- (2) If all bids were rejected, the Company must review the causes justifying the rejection and consider making revisions to the specific conditions of contract, design and specifications, scope of the contract, or a combination of these, before inviting new bids.
- (3) If rejection is due to lack of competition, wider advertising should be considered.



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- (4) If the rejection was due to most or all of the bids being non responsive, new bids may be invited from the initially pre-qualified bidders, or with the agreement of the Managing Director, from only those that submitted bids in the first instance.
- (5) All bids should not be rejected solely for the purpose of obtaining lower prices. If the lowest evaluated responsive bid exceeds the Company's pre-bid cost estimates by a substantial margin, the Company must investigate the causes for the excessive cost and consider requesting new bids as described above.
- (6) Alternatively to sub-paragraph (5) above, the Company may negotiate with the identified preferred bidder(s) to try to obtain a satisfactory contract through a reduction in the scope and/or a reallocation of risk and responsibility that can be reflected in a reduction of the contract price, provided that a substantial reduction in the scope or modification to the contract documents may require re-bidding.
- (7) The Managing Director's prior approval must be obtained before rejecting all bids, soliciting new bids, or entering into negotiations with the identified preferred bidder. This approval should be recorded for auditing purposes.

21.3 CANCELLATION OF BIDS

In the event of a bid being cancelled, the relevant Head of Department must submit a report requesting permission for cancellation of the bid stating the reasons for such cancellation from the Managing Director prior to the bidders being made aware of.

For construction related projects a cooling off period of six months period is to be adhered to unless permission is sought and granted by CIDB.



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21.4 PROCEDURE FOR HANDLING, OPENING AND RECORDING OF BIDS

- (1) The following procedures for the handling, opening and recording of bids shall apply:
- (a) Bids—
 - (i) must be opened in public;
 - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
 - (iii) received after the closing time shall not be considered and shall be returned unopened without delay.
 - (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
 - (c) No information, except the information referred to in sub-paragraph (b) above, relating to the bid shall be disclosed to bidders or other persons until the successful bidder is notified of the award; and
 - (d) The Managing Director must –
 - (i) record all bids received in time in an appropriate bid opening register;
 - (ii) make the bid opening register available for public inspection; and
 - (iii) publish the entries in the register and the bid results on the website.

22. DEVIATIONS FROM PROCUREMENT MECHANISM

- (1) Deviations from the procurement mechanism entailed in this policy are not encouraged and may only be allowed in the following circumstances:-



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- (a) emergency or exceptional cases;
 - (b) if such goods or services are produced or available from a single/sole provider only;
 - (c) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (d) For the acquisition of animals for the zoo and/or nature and game reserves.
- (2) Deviations must be recommended by the Manager Supply Chain Management unit to the Accounting Officer for consideration by the Board of Directors
- (3) Deviations in emergency or exceptional cases can be approved by the relevant Accounting Officer subject to the ratification of the award by the appropriate committee or official with the relevant delegated powers. The Manager Supply Chain must record the reasons for any deviations from procurement mechanism.

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

- (1) The Accounting Officer may procure goods and/or services under a contract secured by another organ of state, but only if: –
- (a) The contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
 - (b) There is no reason to believe that such contract was not validly procured;
 - (c) There are demonstrable discounts or benefits to do so; and
 - (d) The other organ of state and the provider has consented to such procurement in writing.
 - (e) Goods or services required by the City are similar to those on contract.
- (2) Subparagraphs (1) (c) and (d) above do not apply if:–



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- (A) the JPC procures goods or services through a contract secured by the parent municipality;
or
 - (b) The parent municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.
- (3) The Managing Director shall report quarterly to the Mayoral Committee in respect of all and any goods and/or services procured in terms of this paragraph.

24. SUPPLY CHAIN MANAGEMENT COMMITTEE SYSTEMS AND PROCEDURES

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

| Committee | Function | Composition |
|-----------------------------|--|--|
| Bid specification Committee | Compiling specifications for the JPC's requirements to be acquired | 1. Chair: Manager upwards 2. User Department 3. Legal Advisor (if required) 4. SCM representative 5. Finance representative (if required) 6. External Specialist advisors (if required) |



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| Committee | Function | Composition |
|---------------------------------------|---|--|
| Bid Evaluation Committee | Evaluation of Bids, compilation of reports & making recommendations | 1. Chair: Manager upwards; 2. User Department 3. Legal Advisor (if required) 4. SCM representative 5. Finance representative (if required) |
| Adjudication Committee (EXCO members) | Consideration of the recommendations and award | 1. Chair: Executive Manager 2. User Department 3. Legal Advisor (if required) 4. SCM representatives 5. Finance representative (if required) |

The following is applicable to the above committees that;

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

25. BID SPECIFICATION COMMITTEES

(1) Practical implementation of the Bid Specification Committee

- (a) Bi-weekly meetings will be held by the Bid Specification Committee.
- (b) Each User Division Representative shall notify the Manager: Supply Chain 10 days prior or at the discretion of the delegated officials to the meeting of the intended transactions to be dealt with by the Bid Specification Committee



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- (c) Manager: Supply Chain will compile an agenda and shall circulate same to all the committee members 5 (five) days before the scheduled meeting Each User Division Representative will compile a detailed pack of documentation for each member relating to the bid,
- (d) A declaration of interest form and attendance form to be completed by each member of the committee should be made available;
- (e) A draft bid document which also compels bidder to declare any conflict of interest that they may have in the transaction for which the Bid is submitted;
- (f) The requirements for the bid (which shall include the period in which the service/goods are needed and any specifications)
- (g) The estimate cost of the project
- (h) Written confirmation from the Head of Finance that the amount has been budgeted for / that budget exists for the proposed expenditure
- (i) Written consent by the relevant Head of Department or Accounting Officer for the acquisition of the goods/services
- (j) Any treasury guidelines on the bid documentation (as requested from the JPC Legal Division)
- (k) The requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure
- (l) The draft bid documentation must also include any evaluation and adjudication criteria including any criteria required by any other applicable legislation
- (m) Draft bid documentation must stipulate that any disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African Court of Law
- (n) Should the value of the transaction be expected to exceed R10 million VAT included, the following must be included in the draft bid document:-
 - i. If the bidder is required by law to prepare annual financial statements for auditing, the audited annual financial statements shall be those for the past 3



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(three) years or since the establishment (if established in the past 3 (three) years)

- ii. A certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal Services towards a municipality another supplier in respect of which payment is overdue for more than 30 (thirty) days
- iii. Particulars of any contracts awarded to the bidder by an organ of state during the past 5 (five) years, including particulars of any material non-compliance or dispute concerning the execution of such contracts:
- iv. A statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic of South Africa and if so, what portion and whether any portion of payment from the JPC is expected to be transferred out of the Republic

(2) The bid specification committee must compile the technical specifications for each requirement.

The technical specifications: –

- (a) Must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
- (b) must take account of any accepted standards such as those issued by South Africa Bureau of Standards (SABS), the International Standards Organisation (ISO), or an authority accredited or recognised by the South African National Accreditation System (SANAS);
- (c) Must be functional and not be outcome based or brand inclined;
- (d) must not create trade barriers in contract requirements in the forms of plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;
- (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”;



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- (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
 - (i) must be approved by the City Manager or his or her delegated authority for bids above R5 million, prior to publication of the invitation for bids in terms of paragraph 18 of this Policy;
 - (ii) must for bids less than R5 million be approved by the relevant Head of Department or his or her delegated authority, prior to publication of the invitation for bids in terms of paragraph 18 of this Policy
- (3) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, shall bid for any resulting bids.
- (4) The User Department will amend the draft bid document as per the recommendation of the Bid Specification Committee. The draft bid document must be approved by the relevant Manager or his delegated official prior to publication of the invitation for bids in terms of Regulation 22 of the Act.

26 BID EVALUATION COMMITTEES

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



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27 DATABASE OF RESTRICTED SUPPLIERS OF PERSONS PROHIBITED FROM DOING BUSINESS WITH THE PUBLIC SECTOR

The CFO reserves the right to reject application to register on the database of service providers or deactivate status of a registered supplier if such suppliers are listed on the National Treasury's list of restricted suppliers.

28 BID ADJUDICATION COMMITTEE

- (1) The bid adjudication committee must-
 - a. Consider the report and recommendations of the bid evaluation committee and either
 - i. Depending on its delegation make final award or recommendation to the Accounting Officer to make final award Or
 - ii. Make another recommendation to the accounting officer how to proceed with the bid.
- (2) The bid adjudication committee is composed as set out in the schedule.
- (3) The accounting officer or the delegated official must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- (4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (5) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid-



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- (a) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears and notify the accounting officer
 - (b) The Accounting Officer may
 - i. after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in sub-paragraph (a) above; and
 - ii. If the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (6) The Accounting Officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication back to that committee for reconsideration of the recommendation.
- (7) The Accounting Officer must comply with section 114 of the Act within 10 working days.

29. CONTRACT MANAGEMENT

- (1) The legal commitment made by both parties are recovered on hard copies and soft or electronic copies.
- Migrate from Price Management to Cost Management.
 - Proactive Management of deliveries
 - Cross functional team approach to Supplier Management
 - Real time supplier performance measuring
 - Regular and effective communications between Purchaser and Supplier
 - Cost reduction initiative focusing on process improvements
- (2) The Head of Department of the Company must –



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- (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 department-
 - i. to assist the HOD 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 relevant oversight body of the municipality, as may be appropriate, on the management of the contract or agreement and the performance of the contractor.
- (3) The Head of Department shall ensure the implementation and application of the Group Contract Management Policy and Framework in the process of contracting and also contract management.

30. DEVELOPMENTAL SERVICE DELIVERY

All procurement requirements are to take into consideration the developmental service delivery model approach of the Company and the Parent Municipality ensuring people and communities are at the center of public service. This procurement will be subject to the needs, requirements and capacity building of local communities. This part of the policy is subject to the service delivery model framework of the Parent Municipality

31. ECONOMIC TRANSFORMATION



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- (a) The acquisition plans of the respective departments must identify procurement opportunities in their projects that reflect the geographic location, project complexity and the potential to effect economic transformation within the City.
- (b) The requirements must be assessed for possibility of unbundling opportunities to accommodate emerging micro enterprises / exempted micro enterprises as per the provision of the Preferential Procurement Regulations, 2011.
- (c) Where emerging businesses have the capacity to deliver on projects but do not have the capital to execute, the Company will facilitate payments within 14 days from the date of delivery to ensure that projects are delivered according to the requirements of the bid.
- (d) The Company's general conditions of contract must include clauses that will instill principles of economic transformation for targeted beneficiaries.
- (e) The following are the Company's focus areas on transformation:
 - (i) Mentorship: Successful bidders will identify targeted beneficiaries and use Company's project as a practical means to transfer skills between mentor and mentee.
 - (ii) Employment: Labour intensive projects will be able to act as catalyst for the employment of targeted beneficiaries.
 - (iii) Sub-Contracting: Sub-contracting to targeted beneficiaries shall be an effective mechanism to achieve the City's transformation goals.
 - (iv) Joint venture/Cooperatives: In instances where the capital outlay required to successfully deliver a project to specification a joint venture structure shall be an appropriate mechanism for targeted beneficiaries to participate in large projects.



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- (f) That the Head of Department for Economic Development of the Parent Municipality assumes full responsibility for the identification, implementation and reporting thereof City's development programs and setting up of targets.
- (g) That the Head of Department for Economic Development of the Parent Municipality assists the targeted beneficiaries in the respective business communities with capacity building and growth of their companies by providing information and access to financial, certification, funding and business related resources.

32. SUPPLIER MANAGEMENT AND DEVELOPMENT

- (1) The JPC ascribes to sound principles and practices of supplier management and development to ensure the following:
 - (a) equal opportunities for all suppliers;
 - (b) development and management of SMME and BBBEE; and
 - (c) Mutually beneficial relationships based on fairness, transparency, trust and good ethical conduct.
 - (d) Encouraging South African companies to submit interesting and innovative achievements in the manufacturing field.
- (2) To ensure that the above mentioned objectives are met the City will:-
 - (a) Keep a list of accredited prospective service providers of goods and services;
 - (b) At least once a year through public invitation including the JPC website <http://www.jhbpropertycompany.co.za/>, invite prospective service providers of goods or services to apply for accreditation and registration;
 - (c) Specify the listing criteria for accredited prospective service providers; and
 - (d) The list will be updated at least quarterly to make provision for new registrations



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(3) The JPC will not register and/or do business with service providers whose names appear on the National Treasury's database as a person or entity prohibited from doing business with the public sector.

(4) The JPC endeavor to promote the development of the supplier,

33. PENALTIES FOR ABUSE OF SUPPLY CHAIN MANAGEMENT

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

(2) Employees found guilty of conniving with suppliers or contravening this Policy will be disciplined.

(3) Service providers and their directors who have been found guilty of abusing this Policy will be barred from doing business with the JPC and National Treasury will be informed accordingly.

(4) The JPC reserves the right to criminally prosecute any person found to have violated or abused this Policy. To this extent the South African Law Enforcement agencies will be informed and the case will be handed over to them.

(5) The JPC reserves the right to cancel or not to award business to service providers found to have:

- (a) unfairly influenced the process of award and have been found guilty of improper conduct;
- (b) has been convicted for fraud or corruption during the past 5 years;
- (c) has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or



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(d) Has been listed in the Register for Tender Defaulters In terms of section 29 of the Prevention and Combating of Corrupt Activities Act No 12 of 2004.

(6) All employees are expected to assist the JPC in fighting corruption and to this extent are encouraged to report all suspicious acts in terms of the CoJ's Anti-corruption Policy.

34. RISK AND PERFORMANCE MANAGEMENT

As per Municipal SCM Regulation 42, the accounting officer will establish an internal monitoring system on municipal SCM.

Members of the bid committee always declare interest in every meeting; Section 57 Managers declare interest when they sign their annual performance contracts. All councillors declare their interest annually.

35. INTERNAL CONTROL

Leadership

The Accounting Officer will exercise oversight responsibility over financial and performance monitoring and reporting and compliance with laws and regulations and internal control; and actions will be taken to address risks relating to the achievement of complete and accurate financial and performance reporting.

PART 3:

INVENTORY MANAGEMENT AND ASSET DISPOSAL (LOGISTICS MANAGEMENT)

36. INVENTORY MANAGEMENT

(1) The JPC is committed to the following principles of inventory management:



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- (a) consolidation of stock items to avoid duplication and redundancy;
 - (b) running the stores in an efficient and cost effective manner;
 - (c) maintaining an effective item identification system;
 - (d) avoid fruitless and wasteful expenditure by disposing redundant material on time; and
 - (e) Designing and implementing internal control systems that seek to ensure that the JPC minimizes theft and avoidable losses.
- (2) To ensure achievements of the goals above the JPC will ensure that:-
- (a) Items are coded to ensure that each item has a unique number for the purposes of monitoring spending patterns on types or classes of goods and assets;
 - (b) Stock items are kept in clearly marked bins located in the store /warehouses to enable ease of identification at all times;
 - (c) To prolong the life of goods/stock kept in the stores / warehouse, the stores / warehouse must be kept in a clean, safe, tidy and systematic condition that complies with the health and safety standards;
 - (d) Inventory levels will be set that includes minimum and maximum levels and lead times wherever goods are placed in stock. Thus, the minimum and maximum re-order levels and safety stock will also be determined for each stock category by the Procurement Manager and the user departments are responsible for providing demand forecasts to enable effective and efficient Inventory management.
 - (e) Appropriate measures will be taken to minimise the risk, associated with the keeping of stock/goods, to the JPC, as well as management of stock- outs;
 - (f) Ordering and receiving of stock must be done according to the Procedure manual.
- (3) The JPC will ensure appropriate standards of internal controls and stores/ warehouse management are in place to ensure goods placed in stores are secured and only used for the purpose they were purchased;



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- (4) The JPC will ensure that all assets are properly managed, appropriately maintained and only used for official purposes.

37. MOVEABLE ASSET DISPOSAL MANAGEMENT

- (1) The process of asset disposal should be transparent, equitable and fair;
- (2) All asset disposal transactions should be through a public tender or public auction;
- (3) Appropriate channels must be followed for disposing assets through donation mechanism.

38. RISK MANAGEMENT

- (1) The JPC will effectively manage risk through a system of identification, consideration and avoidance of potential risks in the Supply Chain Management system.
- (2) The criteria for the identification, consideration and avoidance of potential risks in the Supply Chain Management system, are as follows:
- (a) the identification of risks on a case-by-case basis;
 - (b) the allocation of risks to the party best suited to manage such risks;
 - (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
 - (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
 - (e) The assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.



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- (3) Due care must be taken in the bid administration and management process to minimise the risk of litigation by unsatisfied service provider/s. The Supply Chain Management Unit must ensure that where third party software or license agreement/s is used, a service provider owns/has the right of use of any intellectual property. Any damages for non-compliance will be for the suppliers account. Contractors must clearly indicate that that intellectual property paid for by the JPC will remain the JPC's property and consent must be sought by the contractor prior to usage.
- (4) A register of all intellectual property paid for by the JPC must be created by each user department and provided to JPC's Legal Services quarterly to compile a consolidated register.

CHAPTER 4:

GENERAL MATTERS

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



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- (1) Service providers whose tax matters are not known or have not been declared to be in order by the South African Revenue Services are not eligible to be awarded business by the City. Tax clearance is a mandatory requirement for all procurement mechanisms listed in this policy with the exception of Petty Cash. It is the service provider's responsibility to provide the JPC with a valid and original Tax Clearance Certificate and failure to do so is automatic disqualification. It is an offence to deregister for Vat purposes after obtaining business from the JPC. Should the JPC establish that a supplier has deregistered post contract award and is claiming VAT, the JPC will summarily cancel the contract and prohibit the offender from doing business with JPC in the future.

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

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



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- (2) The JPC will not award business to suppliers owned directly or indirectly by politicians serving as councilors and Board of the directors for any municipality
- (3) The JPC will not award business to suppliers owned directly or indirectly by politicians serving in National Assembly, Provincial legislatures and National Council of Provinces.
- (4) Failure by the above mentioned persons to comply with the above shall lead to cancellation of the contract.
- (5) The JPC will not, subject to such amendments to the Act and exemptions as the Minister may promulgate from time to time, award contracts to service providers who are owned directly or indirectly by the following categories of persons-
 - (a) defined as an employee or public servant in the service of the state working for Local, Provincial and National government; or
 - (b) defined as an employee in the service of a government owned entity including the municipal entities
 - (c) if the employee mentioned above is actively or inactively a director, manager, principal shareholder or stakeholder of the service provider concerned;
 - (d) is a member of the board of directors of a municipal entity within its area of jurisdiction;
 - (e) Who is an advisor or consultant contracted to the City/parent municipality for the purposes of assisting the JPC with defining of requirements, drafting of specifications or evaluation of the bids.
- (6) The JPC will not award business to service providers owned directly or indirectly by politicians serving as councilors for any municipality unless the councilor has obtained prior written consent from the municipal council as per the Code of Conduct, Schedule 5, contained in the Local Government Municipal Structures Act (Act No 117 of 1998).



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- (7) The JPC will not award business to service providers owned directly or indirectly by politicians serving in National Assembly, Provincial Legislatures and National Council of Provinces unless prior written consent has been obtained from the National Assembly, Provincial Legislature and National Council of Provinces.
- (8) Failure by the above mentioned persons to comply with the above shall lead to cancellation of the contract.

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

- (1) The JPC does not encourage awarding of contracts by employees in decision-making positions to close family members or friends. To this extent, the JPC requires of all employees to make full disclosure of businesses owned by close family and / or friends and it is further expected that such individuals must not directly or indirectly be involved in the awarding of such business.
- (2) The notes to the annual financial statements must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, which particulars shall include:–
- (a) the name of that person;
 - (b) the capacity in which that person is in the service of the state; and
 - (c) The amount of the award.

42. HANDLING PROPRIETARY INFORMATION



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

43. SPONSORSHIPS

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

44. UTILISATION OF PANELS

The Company's established panel of service providers will be utilised as follows:

- (1) All providers on the panel of service providers shall, as far as possible, be used on a rotational basis until all providers on the panel have been given fair and equal opportunity to compete for the City's business.



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- (2) Any continued engagement of service providers on the panel shall be dependent on the performance and quality standards set out.
- (3) The appointment of service providers drawn from existing panels must be dealt with in terms of the delegation of Supply Chain Management powers and duties.
- (4) All quotations solicited by the end-users, from the respective panels, will be deposited into the quotation box, in a sealed enveloped clearly identifiable in terms of the panel number.
- (5) The utilisation of the service providers of the respective panels will not exceed the duration of the panels and must not exceed the approved estimated value.
- (6) The Solicitation of requirements on the panel must be in terms on the SCM Committee System. i.e. Bid Specification Committee, Bid Evaluation Committee, Bid Adjudication Committee /Relevant Head of Department or Senior Manager Supply Chain.
- (7) Quotations must be solicited from all service providers on the panel in that specific category.
- (8) Service Providers must be given a reasonable time to submit their quotations. A minimum of 5 days is required.

44.2 ROTATION OF SUPPLIERS

(1) JPC ascribes to sound principles and practices directed at supplier management and development to ensure the following:

- (a) equal opportunities on a rotational basis where possible for all service providers, except for continuity, compatibility, alignment and cost effectiveness of the goods and / or professional services required by the JPC;
- (b) the development and management of SMME through the City's Economic Development department; and



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(d) mutually beneficial relationships based on fairness, transparency, trust and good ethical conduct.

(e) To ensure that the above mentioned objectives are met the JPC must:-

- (a) keep a list of accredited prospective service providers of goods and services;
- (b) at least once a year through public invitation including the JPC's website 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.

45. LIST OF ACCREDITED SERVICE PROVIDERS

(1) The Managing Director must ensure that:

- (a) The Company keeps a list of accredited prospective providers of goods and services that must be used for the procurement requirements of the Company through written quotations and formal written price quotations;
- (b) At least once a year through newspapers commonly in circulation in the area of jurisdiction of the Company, the website of the Company and any other appropriate



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ways, prospective providers of goods or services is invited to apply for evaluation and listing as accredited prospective providers;

- (c) The listing criteria for accredited prospective providers is specified; and
 - (d) The listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector, is disallowed.
- (2) The list of accredited prospective providers must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services.
- (3) Prospective providers shall be allowed to submit applications for inclusion on the list of accredited service providers at any time.
- (4) The list of accredited prospective providers must be compiled per commodity and per type of service.
- (a) Separate applications for inclusion on the list of accredited service providers must be submitted for each subsidiary company within a holding company that desires to be included on the list of accredited service providers.

46. INDUCEMENTS, REWARDS, GIFTS AND FAVOURS

- (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –



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- (a) any inducement or reward to the Company for or in connection with the award of a contract; or
- (b) any reward, gift, favour or hospitality to –
 - (i) any official; or
 - (ii) any other role player involved in the implementation of this Policy.

(2) The Managing Director must promptly report any alleged contravention of sub-paragraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

(3) Sub-paragraph (1) does not apply to gifts less than R350 in value.

47. APPEAL PROCESS & RESOLUTIONS OF DISPUTES

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



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- (3) The JPC acting as an agent to the City of Johannesburg Municipality may appoint an ombudsman on an 'as and when' required basis to investigate complaints submitted. The duties and functions of such a person will be contained in the Terms of Appointment.
- (4) Disputes relating to running contracts or completed contracts will be resolved strictly according to the disputes resolution mechanism provided for in the contract document.
- (5) The aggrieved party has the right to submit disputes not resolved by the JPC within 60 days to the Provincial or National Treasury.
- (6) Provisions of this paragraph do not prohibit or infringe on the rights of any party to approach the Court of Law regarding the dispute in question.

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

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

49. ETHICAL STANDARDS

- (1) The Code Of Conduct For Supply Chain Management Practitioners And Other Role Players Involved In Supply Chain Management (the Code of Conduct) attached to this Policy as Annexure A, is hereby adopted for officials and other role players in the supply chain management system of the City in order to promote –



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- (a) mutual trust and respect; and
 - (b) an environment where business can be conducted with integrity and in a fair and reasonable manner.
- (2) A breach of the Code of Conduct shall be dealt with as follows -
- (a) in the case of an employee, in terms of the disciplinary procedures of the City envisaged in section 67(1)(h) of the Municipal Systems Act;
 - (b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach; and
 - (c) in all cases, financial misconduct must be dealt with in terms of Chapter 15 of the Act.

ANNEXURE A

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

1. Purpose

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

- (a) Mutual trust and respect; and



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- (b) An environment where business can be conducted with integrity and in a fair and reasonable manner.

1.2 Failure to adhere to this Code is inexcusable and punishable by the JPC.

2. General Principles

2.1 The JPC commits itself to a policy of fair dealing and integrity in the conducting of its business. Employees and other role players involved in Supply Chain Management (SCM) are in a position of trust, implying a duty to act in the public interest. Employees and other role players should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.

2.2 Employees and other role players involved in SCM should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly.

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

3. Employee Ethical Conduct

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

- (i) must treat all providers and potential providers equitably;
- (ii) may not use his or her position for private gain or to improperly benefit another person;



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- (iii) must not interfere with Supply Chain Management processes and system in order to influence the outcome of an award by tempering with any price quotations and bids;
- (iv) Must keep all information, including service provider's information, as confidential. Only the duly authorized official will communicate the outcome of the bidding process;
- (v) must not be soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters;
- (vi) must not exploit errors in price quotations / bids;
- (vii) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
- (viii) must declare to the Managing Director details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person and record them on the declaration register to be kept by each manager and signed off on quarterly basis by the respective delegated employee;
- (ix) must declare to the Managing Director details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by the JPC ;
- (x) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
- (xi) must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;
- (xii) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties;
- (xiii) should not take improper advantage of their previous office after leaving their official position; and



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(xiv) Employees must report to the Accounting Officer any alleged irregular conduct in the Supply Chain Management system which that person may become aware of, including:-

- (a) any alleged fraud, corruption, favouritism or unfair conduct;
- (b) any alleged contravention of the policy on inducements, rewards, gifts and favours to the JPC, employees or other role players; and
- (c) Any alleged breach of this code of conduct.

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

4. Record Keeping

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

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

4.2 The Accounting Officer must keep record of all declarations.

5. Service Providers Ethical Conduct

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

- (a) must not induce or reward the employees for contract awarded or to be awarded;
- (b) must not put undue pressure on employees;



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- (c) must not assist or offer financial relief to employees in financial difficulties;
- (d) must not request from employees information about the JPC's operations or competitors information; and
- (e) Must not offer favours or hospitality to employees of which the value thereof is above R350.

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



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