

SCM POLICY REVIEW 2017/2018
March 2017

The content herein will repeal the existing section/clauses to the policy and new clauses will be factored in as new clauses and augmentations.

1. The following definitions are added:

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

- ✓ “QSE” means a qualifying small business enterprise in terms of a code of good practice on black economic empowerment issued in terms of 9(1) of the Broad-Based Black Economic Empowerment Act
- ✓ "**military veteran**" means any South African citizen who--
 - ✓ (a) rendered military service to any of the military organisations, statutory and
 - ✓ non-statutory, which were involved on all sides of South Africa's Liberation
 - ✓ War from 1960 to 1994;
 - ✓ (b) served in the Union Defence Force before 1961; or
 - ✓ (c) became a member of the new South African National Defence Force after 1994
- ✓

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

- ✓ “Designated group” means –
 - Black designated groups;
 - Black people;
 - Women
 - People with disabilities
 - People with disabilities
 - Small enterprises, as defined in section 1 of the National Small Enterprise Act, 1996 (Act No.102 of 1996)
- ✓ Under section 9 (a) the third paragraph to read “The specification and evaluation committees per project may preferably be composed by the same members and must be approved by the Accounting Officer”.
- c) The following sentence(s) are added under clause 9.
 - ✓ The committee automatically dissolves at/when the final award takes place and will reconvene when the need arises on the same project.
 - d) Clause 9 of the existing policy to be added and updated as per below:
 - ✓ Clause 09(b) (i) to be changed to “Supply Chain Administrator: Acquisition”.
 - ✓ Clause 09 (a) (ii) to be changed to Demand Officer/ SCM official (Chairperson)
 - ✓ Clause 09 (c) (iii) to be changed to “Divisional Head: Supply Chain Management”
 - ✓ Clause 9 (c) add a sentence to read “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.
 - ✓ Clause 10 (v) to add the year 2017
 - ✓ Clause 10(2) (i) to add the year 2017
 - ✓ Clause 14(1) add the abbreviation CSD
 - ✓ Clause 14(2) add “central supplier database” and change the delegation of authority to “Accounting Officer”
 - ✓ Clause 14 (2) (d) to add sent emails”
 - ✓ Clause 14 (e) under R200 000- the words “where possible” is to be removed.
 - ✓ Clause 14 (2) to add “No service must be awarded to a bidder that is not registered on Central Supplier Database”
 - ✓ Section 15 add the word “must”
 - ✓ Section 15 (a) to be amended as follows:
 - “(a) Has submitted his CSD report to verify the following information-

- (i) Business registration
- (ii) Bank account holder information
- (iii) In the service of the state
- (iv) Tax compliant status
- (v) Identity number
- (vi) B-BBEE status level
- (vii) Tender defaulting and restriction status”

- ✓ Clause 16 (d) to be amended as follows”
“The municipality’s database must be integrated with Central Supplier Database to ensure systematic verification of records”
- ✓ Clause 16 (e) to read “the municipal database”
- ✓ Clause 18(a) to read “Quotation must be obtained in writing from the different providers whose names appear on National Treasury’s CSD”
- ✓ Clause 18 (b) to read “In the case of emergency procurement, quotations can be obtained from providers who are not listed on CSD and the municipality must ensure that the suppliers are registered as soon as possible but not later than 7 calendar days after the order was issued to the supplier”
- ✓ Clause 18 (c) to read “If it is not possible to obtain at least three quotations from service providers that are listed on CSD, the procuring official must conduct a market analysis to identify possible suppliers, record the process and submit the list of prospective suppliers to the accounting officer for approval”
- ✓ Clause 18 (d) to be amended as follows “The identified suppliers should be registered on the CSD before orders are finalized”
- ✓ Clause 18 (e) and (f) of the existing policy to be removed.
- ✓ Clause 19 (f)(iii) to add “2017”
- ✓ Clause (20) (4) (vi) to add “The CIDB grading (if applicable)”
- ✓ Clause (20) (09) (i) the sentences ‘submission of original tax clearance certificate’ and “original company registration documents” to be removed.
- ✓ Clause (20) (09) (i) to add “CSD report to verify administrative documents”
- ✓ Clause 20(13)(a)(i) to add “R50 000 000”
- ✓ Clause 20 (13) (a) (ii) to add “R50 000 000”

- ✓ Clause 33(2)(2.2) to be amended as.....for construction related goods, works and/or services and 15% or R15 million (including all applicable taxes for all other goods and services

- ✓ New clause 24 (1) to be added as follows:

“The Municipality supports the procurement of local content and production to the extent that preference is given to procuring local goods and services or works or locally manufactured goods with a stipulated minimum threshold for local production and content”

- ✓ New clause 26(1)(a)(i)(ii) to read as

“Emergency cases are cases where there is a serious and unexpected situation that poses an immediate risk to health, life, property or environment which calls an agency to action and there is insufficient time to invite competitive bids.

(ii) If the required goods or services are available from a single provider only, one written quotation is to be obtained.

- Sole source is when there is evidence that only one supplier possesses the unique and singularly available capacity to meet the requirements of the municipality”

- ✓ Clause 35 (1) (a) (b) (c))d) to be amended as follows:

80/20 preference point system for acquisition of goods or services for Rand value equal to or above R30 000 an up to R50 million.

(a) The following criteria must be used to calculate the points out of 80 for price in respect to a tender with a Rand value equal to or above R30 000.00 and up to a Rand value equal to or above R30 000 and up to a Rand value of R50 million, inclusive of all applicable taxes.

$$P_s = 80 \frac{1 - P_t - P_{min}}{P_{min}}$$

Where

P_s = Points scored for comparative price of bid under consideration

Pt = Comparative price of bid under consideration

Pmin = Comparative price of lowest acceptable bid.

- (b) The following table must be used to calculate the score out of 20 for B-BBEE.

B-BBEE Level Of Contributor	Number of Points (80/20) System
1	20
2	18
3	14
4	12
5	8
6	6
7	4
8	2

- (c) A non-compliant contributor to B-BBEE may not be disqualified, but-
- (i) may only score points out of 80 for price; and
 - (ii) scores 0 points out of 20 for B-BBEE
- (d) The points scored by a bidder for B-BBEE in terms of in sub-regulation (b) must be added to the points scored for price under sub-regulation (a).

✓ Clause 36 (1) (a) (b) (c) (d) to be added as follows:

- . (1) 90/10 preference point system for acquisition of goods or services for Rand value above R50 million.

(a) The following formulae must be used to calculate the points out of 90 for price in respect to a tender with a Rand value above of R50 million, inclusive of all applicable taxes.

$$P_s = 90 \frac{\{1 - P_t - P_{min}\}}{P_{min}}$$

Where

P_s = Points scored for comparative price of bid under consideration

P_t = Comparative price of bid under consideration

P_{min} = Comparative price of lowest acceptable bid.

(b) The following table must be used to calculate the score out of 20 for B-BBEE.

B-BBEE Level Of Contributor	Number of Points (90/10) System
1	10
2	9
3	6
4	5
5	4
6	3
7	2
8	1

(c) A non-compliant contributor to B-BBEE may not be disqualified, but-

(i) may only score points out of 90 for price; and

(ii) scores 0 points out of 10 for B-BBEE

- (d) The points scored by a bidder for B-BBEE in terms of in sub-regulation (b) must be added to the points scored for price under sub-regulation (a).

✓ New clause 37 to be included as follows:

Criteria for breaking deadlock in scoring

37. (1) If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points of B-BBEE.
- (2) If functionality is part of the evaluation process and two or more tenderers score equal total points and equal preference points for B-BBEE the contract must be awarded to a contractor that scores the highest points for functionality
 - (3) If two or more tenderers score equal total points in all respects, the award must be decided by drawing of lots.

✓ Clause 38 (b) to be amended as follows “Cancel the contract in whole or part and claim damages which the Municipality may suffer as a result of having to make less favourable arrangements”

✓ Clause 38 (c) to read “Impose on the contractor a penalty not exceeding 10 per cent of the value of the contract”

✓ New clause 48 to be included as follows:

48. Subcontracting as condition of tender

(1) If viable to subcontract for a contract above R30 million, the municipality must apply subcontracting to advance designated groups and must advertise the tender with a specific tendering condition that the successful tenderer must subcontract a minimum of 30% of the value of the contract to-

- (a) an EME or QSE;
- (b) an EME or QSE which is at least 51% owned by black people;
- (c) an EME or QSE which is at least 51% owned by black people who are youth

- (d) an EME or QSE which is at least 51% owned by black people who are women
- (e) an EME or QSE which is at least 51% owned by black people with disabilities
- (f) an EME or QSE which is at least 51% owned by black people living in rural or underdeveloped areas or townships;
- (g) an EME or QSE which is at least 51% owned by black people who are military veterans;
- (h) a cooperative which is at least 51% owned by black people
- (i) more than one of the categories referred to in paragraphs (a) to (h).

✓ clause 49 (2) (g) to add “deviations report”

✓ clause 49 (3)(a) in the existing policy to be deleted

clause 49 (3) to be read “ All deviations with supporting approved memo should be reported quarterly to council, Provincial Treasury and Auditor General”

✓ Clause 20 (12) to be added and amended as follows:

(a) The bids received must be recorded in a register in time and the register must be available for public inspection.

(b) The entries in the register and the bid results must be published on the website of the municipality

✓ Item e in the introduction- the year 2017 is included.

✓ Objective of Supply Chain Management policy under section 3 (c)- the year 2017 was added.