



SUPPLY CHAIN MANAGEMENT POLICY

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ABBREVIATIONS

CIDB	Construction Industry Development Board
COJ	City of Johannesburg
GDS	Growth and Development Strategy
GFIS	Group Forensic and Investigative Services
GSPCR	Group Strategy, Policy Coordination and Relations
GSSCM	Group Strategic Supply Chain Management
MFMA	Municipal Finance Management Act, 56 of 2003
SCM	Supply chain management

DEFINITIONS

“Accounting Officer”	Means the City Manager of the City of Johannesburg as defined in Section 60 of the Municipal Finance Management Act or the in the case of a Municipal Entity the Managing Director or the Chief Executive Officer of the Municipal Entity as per Section 93 of the Municipal Finance Management Act.
“Abuse”	Means any conduct by an official or person that is tantamount to fraud, corruption, favoritism, misrepresentation of facts, unfair, irregular and unlawful practices or any other practice that referred to in relation to this context.
“Alternative bid”	Means a bid offer which is submitted in respect of an invitation to bid by the City of Johannesburg but presented with substantial or material deviation from the specifications and/or bid conditions seeking to address the same requirements as those that the City of Johannesburg has made an invitation for.
“Alternative bidder”	Means a bidder who is considered for award other than the one recommended by the BEC.
“Bid”	Means a written offer in response to an invitation in a manner and format prescribed by the City of Johannesburg for the provision of goods, services or works solicited through a competitive bidding process.
“Bidder”	Means a natural or juristic person submitting a bid in response to a bid invitation issued by the City of Johannesburg in terms of a competitive bidding process.

“Bid Evaluation Committee”	Means a committee comprising officials and/or technical advisors nominated and duly approved by the Accounting Officer or his/her delegated official to consider bids and make recommendations to the relevant adjudication committee or the Accounting Officer, whichever the case may be.
“Bid Specification Committee”	Means a committee comprising officials and/or technical advisors nominated and duly approved by the Accounting Officer or his/her delegated official to compile specifications or terms of reference for the invitation of bids.
“Blacklisting”	Means, in this context, the process of identifying a supplier for non-participation in or continuing to participate in the procurement processes of the City of Johannesburg and/or any other organ of state and being recommended for listing in the National Treasury Register of Tender Defaulters.
“Blacklisting Committee”	Means a committee approved by the Accounting Officer to recommend persons and/or suppliers for blacklisting.
“Blacklisting period”	Means a period duration of time the person and/or supplier is barred from participating in the procurement processes of the City and/or any organ of state as may be approved by the National Treasury.
“Black people”	Means the designated group as stipulated in the code of good practice issued in terms of the Broad-Based Black Economic Empowerment Act.
“Blocking of suppliers”	Means the temporary delisting of a supplier/service provider from the City’s database of service providers as a result of potential conflict of interest, breach of contract or any other improper practice/misconduct.
“Breach of contract”	Means default in the performance of a contract.
“Central Supplier Database”	Means a database of accredited suppliers maintained by the National Treasury.
“CIDB Act”	Means the Construction Industry Development Board Act, 2000 (Act No 38 of 2000).
“City”	Means the City of Johannesburg Metropolitan Municipality, a metropolitan municipality duly established by virtue of Provincial Notice 6766 dated 1 October 2000, as amended.
“City Manager”	Means the official appointed by the City as City Manager and who will be acting as the Accounting Officer of the City as

contemplated in the Act and defined in Section 54 (a) of the Municipal Systems Act.

- “Closing time”** means the date and time issued and/or specified for receiving bid documents in the invitation to bid
- “Code of Conduct”** Means the code of conduct attached to this Policy as Annexure A.
- “Competitive bid”** Means a bid allowing for appropriate levels of competition to satisfy the pillars of procurement and in terms of a competitive bidding process.
- “Competitive bidding process”** Means a bid in terms of a competitive bidding process as contemplated in Regulation 12 (1) (d) of the Municipal Supply Chain Management Regulations and Clause 17.3 of this Policy.
- “Consortium”** Means, in this context a formalized combination of parties and or legal entities who have a binding written agreement between/amongst themselves formed with the intention of combining and/or supplementing their resources for the submission of a bid issued in terms of the competitive bidding process by the City in order to execute a contract that may potentially be awarded to those parties.
- “Consultant”** Means an entity or person providing services requiring some degree of qualification, knowledge, expertise and experience.
- “Contract”** Means a legally binding (written) agreement concluded when a bid is accepted between the City and its contractor or supplier or service provider for the provision of specified and pre-determined goods, services or works in return for defined compensation by the City.
- “Contract amendment”** Means an extension, variation or expansion of a contract scope, value and/or time in compliance with the provisions of Section 116 (3) of the MFMA and all other changes made in terms of applicable legislative prescripts.
- “Contract management”** Means the application of the terms and conditions for the administration and implementation of a contract.
- “Contract period”** Means the duration or period of time to undertake the service or deliver the goods or works.
- “Contractor”** Means any person or legal entity that is under contract in the City for the execution of a contract.
- “Days”** Means calendar days calculated by excluding the first day and including the last day, unless otherwise stated.

“Delegated authority”	Means a responsibility (duty) delegated to any person, official or committee authorised/delegated to make certain specific decisions in terms of the Municipal Finance Management Act
“Designated group”	Means a group designated for preferential procurement as contemplated in the Preferential Procurement Regulations, 2017
“Designated sector”	Means a sector or industry or product that has been designated in terms of the Preferential Procurement Regulations, 2017.
“Emergency”	Means an unforeseeable and/or sudden event, with materially harmful or potential harmful or risky consequences for the City that requires immediate action.
“Exempted Micro Enterprise”	Means an exempted micro enterprise in terms of the code of good practice on black economic empowerment issued in terms of the Broad-Based Black Economic Empowerment Act.
“Family member”	Refers to a spouse, permanent life partner, child, parent, adopted child, adoptive parent, sibling, uncle, aunt, cousin, grandchild, niece, or nephew
“Final award”	In relation to bids or quotations submitted for a contract, means the final decision made on which bid or quote to accept.
“Firm price”	Means price offered by the bidder in terms of the final award and is binding and fixed for the duration of the contract period.
“Formal written quotation”	Means a written offer in response to an invitation to submit a quotation or bid.
“Heads of Departments”	Means any Group Executive Director or Group Chief Financial Officer or Group Head of any department of the City, including any other official on the second reporting level who reports directly to the City Manager.
“Fruitless and wasteful expenditure	Means expenditure that was made in vain and would have been avoided had reasonable care been exercised.
“Improper practice”	Means any form of misrepresentation in the information presented for consideration of a bid and execution of a contract, deliberate omission of information, any fraudulent and improper conduct including but not limited to collusion, extortion, bribery and any unlawful behaviour.
“In the service of the State”	Means, in terms of Municipal Supply Chain Management Regulation 44, inter alia:

- a. an official of any municipality who has a contract of employment with the municipality and is employed on a permanent, temporary or short term basis;
- b. an official or public servant of any national or provincial government as defined in terms of Public Services Act
- c. a person who –
 - . is a councillor of any municipal council as defined in the Local Government Municipal Structures Act (Act No 117 of 1998
 - . is a politician serving in any provincial legislature; or
 - . is politician serving in the National Assembly or the National Council of Provinces
- d. a member of the board of directors of any of the City of Johannesburg entities;
- e. an official and a member of a government owned entity as defined in the Public Finance Management Act (Act No 1 of 1999); and such meaning ascribed to it by National Legislation from time to time;
- f. an official and a member of a government owned entity as defined in the Public Finance Management Act (Act No 1 of 1999); and such meaning ascribed to it by National Legislation from time to time;
- g. if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- h. who is an advisor or consultant contracted with the municipality or municipal entity to the extent to which that advisor or consultant may not submit a bid for any resultant bid invitation

“Implementing agent” Means any municipal entity appointed in terms an approved Service Delivery Agreement for the execution of specified projects.

“Joint Venture” Means the same definition as assigned to the definition of a consortium in this definition section above.

“List of accredited prospective service providers” Means a list of accredited prospective providers which the City must keep in terms of Clause 14 of this Policy.

“Long term contract” Means a contract with a duration period exceeding one year.

“Main contractor” Means a contractor who has a contract with the City of Johannesburg as a principal or prime contractor for the execution of a specific contract.

“Military Veterans” Means a designated group as defined in Preferential Procurement Regulations, 2017.

“National Treasury Guidelines/Circulars”	Means a guidelines on Supply Chain Management prescripts that are issued in terms of Section 168 of the Municipal Finance Management Act 56 of 2003 from time to time.
“Non-firm price”	Means a price in terms an award that is subject to price adjustments as indicated in the bid offer made by the bidder.
“Other applicable legislation”	Means any other legislation applicable to Municipal Supply Chain Management, including, but not limited to:– <ul style="list-style-type: none"> a) The Constitution of the Republic of South Africa, Act 108 of 1996 b) Municipal Finance Management Act and its Regulations c) The Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000); d) The Preferential Procurement Regulations, 2011, to the extent as amended in the Preferential Procurement Regulations, 2017 and its Implementing Guide e) The Preferential Procurement Regulations, 2011, to the extent as amended in the Preferential Procurement Regulations, 2017 and its Implementing Guide f) The Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and its codes of good practice g) The Construction Industry Development Board Act, 2000 (Act No.38 of 2000);
“Practice Notes”	Means all Supply Chain Management Practice Notes issued from time to time by the Group Head: Group Strategic Supply Chain Management in accordance with Clause 35 of this Policy.
“Price”	Means in terms of the award the cost of goods, services or works including all applicable taxes excluding any conditional discounts.
“Project Manager”	Means, in this context the delegated official or manager responsible for overseeing the implementation of the contract.
“Qualifying Small Enterprise”	Means any qualifying small enterprise in terms of the code of good practice on black economic empowerment in terms of the Broad Based Black Economic Empowerment Act.
“Regulations”	Means the Local Government: Municipal Supply Chain Management Regulations promulgated under general notice 868 in terms of the Local Government: Municipal Finance Management Act 56, of 2003 and as amended.
“Rural or under-developed area”	Means a designated entity located in an area as contemplated in Preferential Procurement Regulations, 2017.
“SCM Procedure Manual”	Means all Supply Chain Management Procedure Manual(s) issued by the Group Chief Financial Officer from time to time in accordance with Clause 35 of this Policy.

“Service provider”	Means a provider of goods, services and works required from time to time by the City, duly accredited and awarded business by the City in terms this Policy.
“Small Medium and Micro Enterprise”	Means a small, medium and micro enterprise in terms of the National Small Business Act 102, 1996.
“Sole supplier”	Means a single provider or manufacture of specific goods and services in a particular market contemplated in Clause 18.4 of this Policy.
“Subcontractor”	Means a contractor who has been assigned work by the main contractor in partial execution of an award either voluntarily or through the various legislated empowerment initiatives.
“Supplier”	Means an accredited supplier for the provision of goods and services.
“Supply Chain Management”	Means, in this context the systematic and multi-faceted approach of procuring goods, services and works in the public sector.
“Township”	Means a township within the jurisdiction of the Municipality and contemplated in Preferential Procurement Regulations, 2017.
“The/this Policy”	Means the Supply Chain Management Policy adopted by the City in terms of Section 111 of the Act, as amended from time to time.
“Third party”	Refers to any party that is not a department, entity or official of the City, including but not limited to companies, political parties, politicians and individuals. Officials of the City that is not involved in a specific SCM process may also be deemed a third party.
“Two stage bidding process”	Means two stage competitive bidding process contemplated in Clause 17.4.1 of this Policy.
“Written quotations”	Means written quotations contemplated in Clause 17.2 of this Policy.
“Unsolicited bid/s”	Means a proposal or concept received without the City having invited any bid offers from the market as contemplated in Clause 18.9 of this Policy.
“Variation”	Means any change in the provision of an approved contract in line with the provisions of MFMA Circular 62 on contract variations/expansions.
“Youth”	Means in this context a South African citizen between 18 and 35 years of age.

1. PROBLEM STATEMENT

- 1.1. Section 111 of the Municipal Finance Management Act 56 of 2003 (“the Act”) stipulates that each municipality and each municipal entity must have and must implement a Supply Chain Management (SCM) Policy which gives effect to the requirements of the Act.
- 1.2. Furthermore, the Preferential Procurement Policy Framework Act prescribes that an organ of state must determine its Preferential Procurement Policy for implementation within the prescribed framework. In this Policy, such is articulated in the Preferential Procurement section of this Policy

2. DESIRED OUTCOMES

- 2.1. The purpose of this Policy is to regulate all Supply Chain Management practices within the City and its municipal entities. This Policy implements the Supply Chain Management practices as envisaged in terms of Section 217 of the Constitution of the Republic of South Africa, and by the Act and its Regulations.
- 2.2. The Policy, as far as possible sets out a system of procurement that is fair, transparent, equitable, competitive and cost-effective. All City employees shall adhere, implement and observe the provisions and requirements of this Policy.
- 2.3. The Policy also strives to align the City’s procurement practices with its strategic goals, as identified in the five outcomes of the Growth and Development Strategy. In particular, the Policy aims to promote quality, sustainable services and honest, transparent and responsive local government.
- 2.4. Further to the above, the Policy seeks to address the following socio-economic objectives:
 - 2.4.1. Stimulation and promotion of local economic development and facilitating job creation and business growth opportunities, especially focused on previously disadvantaged groups;
 - 2.4.2. Promoting resource efficiency and reducing the negative environmental impact of the daily operations of the City, through taking a green approach to procurement;
 - 2.4.3. Improving the City’s ability to fulfil its service delivery mandate through efficient and cost-effective procurement practices that holds service providers to account and ensures delivery against contractual obligations;
 - 2.4.4. Actively fighting fraud and corruption in procurement practices through a system of checks and balances;

- 2.4.5. Modernisation of the City's procurement practices through the use of e-Procurement system and other measures aimed at increasing efficiency; and
- 2.4.6. Improving the City's financial sustainability through measures that ensure that the City derives maximum value for money.

3. STRATEGIC INTENT

Policy Framework

This Policy provides systems for:

- 3.1. Demand management
- 3.2. Acquisition management
- 3.3. Logistics management
- 3.4. Disposal management
- 3.5. Risk management
- 3.6. Performance management
- 3.7. Consequence management

Policy Parameters

- 3.8. This Policy is applicable to all City department and entities, and must be adhered to when:
 - 3.8.1. Procuring goods, works and/or services, including construction works and consultant services;
 - 3.8.1.1. Disposing of goods no longer needed; and
 - 3.8.1.2. Selecting service providers other than in circumstances where Chapter 8 of the Municipal Systems Act applies.
 - 3.8.2. The selection of external mechanisms referred to in section 80(1)(b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.
 - 3.8.3. The procurement of goods and services under a current contract secured by another organ of state, provided that the relevant supplier has agreed to such procurement.
- 3.9. Unless specifically stated otherwise, this Policy does not apply if the City contracts with another organ of state for:
 - 3.9.1. The provision of goods or services to the City;
 - 3.9.2. The provision of a municipal service, or assistance in the provision of a municipal service; or
 - 3.9.3. Any other contractual arrangements between organs of state for whatever reasons.
 - 3.9.4. A report shall be submitted to the appropriate delegated authority seeking authority to contract with another organ of state.

Policy Principles

- 3.10. This Policy ascribes to a procurement system in terms of the Municipal Supply Chain Management Regulation 2 and entails amongst others a system which:
- 3.10.1. Is fair, equitable, transparent, competitive and cost effective in terms of Section 217 of the Constitution of South Africa No 108 of 1996;
 - 3.10.2. Enhances uniformity in SCM systems in the local sphere of government;
 - 3.10.3. Is consistent with the enterprise development programmes as approved by the City, including promoting emerging and other previously marginalised potential service providers/suppliers and other policies and programmes that seeks to aggressively advance the empowerment of the SMMEs and previously disadvantaged communities;
 - 3.10.4. Embraces the principles of transparency and accountability;
 - 3.10.5. Is consistent with the Broad Based Black Economic Empowerment Amendment Act No. 46 of 2013 and any Codes promulgated thereunder in the Government Gazette; and;
 - 3.10.6. Is consistent with the Preferential Procurement Policy Framework Act, the Preferential Procurement Regulations 2017 and its Implementing Guide

Guiding Commitments

- 3.11. Through adoption of this Policy, the City and its officials commits itself to the following:
- 3.11.1. **Ethical conduct:** all City officials, external advisors and service providers will be held against the highest ethical standards, and any contravention of this Policy will be deemed a serious offence.
 - 3.11.2. **Compliance:** The implementation and full compliance with Supply Chain Management Policy and practices as envisaged by the Act and any other applicable legislations
 - 3.11.3. **Fair practices and processes:** Fair, equitable, transparent and competitive SCM practices and processes. To this extent, the City will accord all a fair administrative process whenever procuring or disposing of goods and services
 - 3.11.4. **Cost-effectiveness:** Sourcing goods and services at competitive market prices taking into account the Total Cost of Ownership (TCO) concept and value adding principles, entailing an end-to-end analysis of goods and services with all associated ancillary goods and services
 - 3.11.5. **Relationship-management:** Enhancing healthy and mutually beneficial relationships with service providers of goods and services and user departments and regions, based on integrity, honesty, professionalism and ethics.
 - 3.11.6. **Economic empowerment:** Utilization of the City's buying power as leverage to ensure effective implementation of broad based black economic empowerment objectives.

- 3.11.7. **Competitiveness:** Enhancing the City's viability and competitiveness through effective and efficient supply chain management practices and systems.
- 3.11.8. **SMME support:** Economic development of local communities, start-up's, small and micro enterprises within the area of jurisdiction of the City.
- 3.11.9. **Confidentiality:** Confidentiality of all information received and held by the City and its officials.
- 3.11.10. **Competition Act:** Fulfilling the objectives and provisions of the Competitions Act, 89 of 2001 as amended and shall use their best endeavours to ensure full compliance by all suppliers thereto.
- 3.11.11. **Access to Information:** The principles and provisions contained in the Promotion of Access to Information Act, Act 2 of 2000.
- 3.11.12. **Proudly South African:** Fully support 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.
- 3.11.13. **Administrative Justice:** The principles and provisions of the Promotion of Administrative Justice Act, Act 3 of 2000.

4. ETHICAL STANDARDS

- 4.1. The City of Johannesburg, in acknowledgment of being an honest and transparent government, follows a zero-tolerance approach to corruption. All officials, external advisors, service providers and any other parties involved in any procurement processes are bound to the Code of Conduct for Supply Chain Management Practitioners and Other Role Players Involved in Supply Chain Management (Code of Conduct) of this Policy, as outlined in Annexure A. Furthermore, all practitioners are bound by the Code of Conduct of Municipal Staff contained in schedule 2 of the Municipal Systems Act.
- 4.2. The Code of Conduct is aimed at creating mutual trust and respect between the City and its stakeholders through transparent procedures and accountability for officials and service providers.
- 4.3. Additionally, the Policy seeks to establish an environment where business can be conducted with integrity and in a fair and reasonable manner.
- 4.4. City Councillors or any person holding elected office may never be involved in any procurement processes of the City, its departments and its entities, as stipulated in section 117 of the Act.
- 4.5. Breach of any ethical standards or the Code of Conduct amounts to a serious offence, and may lead to appropriate disciplinary proceedings being instituted or cancellations of contracts with service providers.

5. LEGISLATIVE FRAMEWORK

- 5.1. The Constitution of the Republic of South Africa
- 5.2. Municipal Finance Management Act (MFMA)
- 5.3. Preferential Procurement Policy Framework Act
- 5.4. Broad-Based Black Economic Empowerment Act
- 5.5. Construction Industry Development Board Act
- 5.6. Local Government: Municipal Systems Act
- 5.7. Promotion of Administrative Justice Act
- 5.8. Promotion of Access to Information Act
- 5.9. Municipal Supply Chain Management Regulations
- 5.10. National Treasury Circulars/Guidelines

6. ROLE PLAYERS AND STAKEHOLDERS

Internal

- 6.1. All City departments and entities and its employees are bound by the provisions of this policy, including the Code of Conduct.

External

- 6.2. All parties bidding for tenders from the City are bound by the provisions of this Policy.
- 6.3. Service providers providing services to the City are bound by this Policy.
- 6.4. All external advisors providing services to the City during the procurement process are bound by this Policy.

7. OVERSIGHT ROLE OF THE COUNCIL OF THE CITY

- 7.1. The Council has and must maintain an oversight role over the implementation of this Policy. However, Councillors may never participate in procurement processes of the City by serving as a member of or attending a meeting as an observer of committees specifying, evaluating or approving quotations or bids.
- 7.2. The Executive Mayor must provide general political guidance over the fiscal and financial affairs of the City and must monitor and oversee the exercise of responsibilities assigned to the City Manager and chief financial officer in terms of section 52 the Act.
- 7.3. For the purposes of such oversight, the City Manager shall, within 10 days of the end of each quarter, submit a report on the implementation of this Policy, specifically as outlined in section 8, to the Executive Mayor and Council, and within 30 days of the end of each financial year submit a report for the financial year to Council.

- 7.4. If any serious or material problems or breaches arise in relation to the implementation of this Policy, the City Manager shall report such to Council as soon as is reasonably possible, but no longer than 30 days after he/she has become aware of such breach.
- 7.5. All reports mentioned above shall be made public in accordance with section 21A of the Municipal Systems Act.

8. REPORTING REQUIREMENTS

The City Manager must submit the following reports to the Council through established channels.

Reporting by the City Manager to Council through the Mayoral Committee

- 8.1. Quarterly reports, or as soon as it is practically possible, containing particulars of each final award made by the Adjudication Committees during that month, including:–
 - 8.1.1. the amount of the award;
 - 8.1.2. the name of the service provider to whom the award was made;
 - 8.1.3. the reason why the award was made to that service provider;
 - 8.1.4. the B-BBEE status level of contribution of the service provider.
- 8.2. Quarterly consolidated reports on the implementation of this Policy within 10 days of the end of each quarter, or as soon as it is practically possible;
- 8.3. Annual consolidated reports on the implementation of this Policy within 30 days of the end of each financial year, or as soon as it is practically possible;
- 8.4. Report on a periodic basis all deviations and ratifications in the implementation of this Policy and any remedial action taken or envisaged, where applicable;
- 8.5. Reports on awards of unsolicited bids, as soon as it is practically possible after the award of such bids, where applicable;
- 8.6. Reports 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, as soon as it is practically possible after such awards;
- 8.7. Report on any abuses found and the remedial actions taken;
- 8.8. Report on all declarations made and gifts received by officials; and
- 8.9. Report monthly or as soon as it is practically possible, the reasons for any deviations or ratifications approved by him in the preceding month in accordance with Clause 18.10.

Reporting by the Group Head: GSSCM

- 8.10. Group Head: Group Strategic Supply Chain Management must submit the following reports to the Group Chief Financial Officer, Heads of Departments, and CIDB through established channels:

- 8.10.1. Report to the relevant Heads of Departments on non-compliance, deviations and remedial action proposed or taken;
- 8.10.2. Report to CIDB on construction works awarded;
- 8.10.3. Report to the Group Chief Financial Officer on the operations of the Supply Chain Management Unit on a monthly basis;
- 8.10.4. Report containing particulars of each final award made by Directors or Heads of Departments during that month within 5 days of the end of each month, or as soon as it is practically possible after such awards, including:–
- 8.10.5. the amount of the award;
- 8.10.6. the name of the person to whom the award was made;
- 8.10.7. the reason why the award was made to that person;
- 8.10.8. the B-BBEE status of the service provider; and
- 8.10.9. Report to the Group Chief Financial Officer on all practice notes issued and proposed amendments to the SCM Procedure Manual

Reporting by the Heads of Departments to the Group Chief Financial Officer (via the Group Head: GSSCM)

- 8.11. Heads of Departments and Managing Directors/Chief Executive Officer of Municipal Entities must prepare and submit details of performance against acquisition plans versus the spend for the quarter.
- 8.12. Heads of Departments and Managing Directors/Chief Executive Officers of Municipal Entities must prepare and submit a report to Group Head: Group Strategic Supply Chain Management on behalf of the City, all bids awarded in designated sectors with a stipulated minimum threshold on local content.
- 8.13. Heads of Departments and Managing Directors/Chief Executive Officers of Municipal Entities must prepare and must submit monthly petty cash procurement reports to the Group Chief Financial Officer. All such reports shall be routed through the Group Head: Group Strategic Supply Chain Management;
 - 8.13.1. total amount of petty cash purchases for the month;
 - 8.13.2. the amount of each award;
 - 8.13.3. the name of the service provider to whom each award was made;

Reporting by Group Chief Financial Officer to the MMC: Finance

- 8.14. The Group Chief Financial Officer must submit on a quarterly basis to the MMC: Finance reports outlined in paragraphs 8.10 to 8.13, including reports on the following:
 - 8.14.1. Proposed amendments to the SCM Policy and Procedure Manual if any;

- 8.14.2. Proposed frameworks and practice notes and circulars issued by the National Treasury;
- 8.14.3. Proposed frameworks and practice notes issued by Group Head: Group Strategic Supply Chain Management.

Reporting by the City to National Treasury and/or Provincial Treasury

- 8.15. Group Head: Group Strategic Supply Chain Management Unit shall, on behalf of the City, submit the following reports to National Treasury and/or Provincial Treasury:
 - 8.15.1. Reports on a monthly basis to National Treasury on all transactions / purchases from R100 000;
 - 8.15.2. Reports on all purchases paid for in foreign currency;
 - 8.15.3. Reports on contracts and/or transaction to the value of R100 million and more;
 - 8.15.4. Reports on supplier or director thereof that has abused the Supply Chain Management system and has been found guilty of improper conduct;
 - 8.15.5. Reports on awards of unsolicited bids;
 - 8.15.6. Report on any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is:-
 - 8.15.6.1. a provider or prospective provider of goods or services
 - 8.15.6.2. a recipient or prospective recipient of goods disposed or to be disposed;
 - 8.15.7. Reports on any service provider that has been found guilty of inducing or bribing City officials for the award of business;
 - 8.15.8. Reports on all awards of more than R2 000 to a close family member of persons in the service of the state or has been in the service of the state in the previous 12 months;
 - 8.15.9. Reports on abuses of Supply Chain Management and the remedial steps taken;
 - 8.15.10. Reports on contracts awarded with a duration that extends beyond three years; and
 - 8.15.11. Reports on any deviation from the Model Policy or Regulations as contemplated in Clause 57(1).

Reporting by the City to Department of Trade and Industry

- 8.16. The Group Head: Group Strategic Supply Chain Management shall, on behalf of the City, submit to the Department of Trade and Industry a report on all transactions/contracts to the minimum value of R100 million and more with a foreign content value equivalent to USD 10 million.
- 8.17. The Group Head: Group Strategic Supply Chain Management shall, on behalf of the City, submit to the Department of Trade and Industry all bids with a stipulated minimum threshold on local content.

Publication of reports on the official website of the City

- 8.18. All reports indicated above, excluding reports referred to in Clause 10.1 above, will be made public by the Group Head: Group Strategic Supply Chain Management through the official website of the City

Publication of all construction projects on the CIDB Website

- 8.19. All construction related projects shall over and above the normal City of Johannesburg advertisements be:
- 8.19.1. advertised on the CIDB website;
 - 8.19.2. registered on the CIDB website within 21 days of the commencement of the project; and
 - 8.19.3. registered or terminated on the said CIDB website upon completion of the project.

9. CAPACITATION AND TRAINING OF GSSCM

- 9.1. The City Manager, with assistance from the Group Head: GSSCM, must take reasonable proactive steps to ensure that GSSCM is at all capacitated in a manner that promotes the efficient functioning of the unit and its functions. Pro-active steps may include, but is not limited to:
- 9.1.1. Quarterly audits of capacitation requirements for the effective functioning of GSSCM, including budgetary requirements;
 - 9.1.2. Targeted recruitment drives;
 - 9.1.3. Advertising of funded posts as soon as possible when becoming aware of positions becoming vacant;
 - 9.1.4. Development and incorporation of an employee retention strategy.
- 9.2. The Group Head: GSSCM must take reasonable proactive measures to ensure that all SCM practitioners comply with the highest training standards, and retraining of practitioners will take place where necessary.
- 9.3. The training of Supply Chain Management practitioners involved in implementing this Policy shall comply with any applicable National Treasury Guidelines on Supply Chain Management training, the South African Qualification Authority Act 58 of 1995, the Skills Development Act 97 of 1998.

10. DEMAND MANAGEMENT

- 10.1. Demand management processes include the following activities:
- 10.1.1. A determination that the City, its departments or entities do not have the requisite capability to reasonably be expected to perform the function that is being procured;
 - 10.1.2. Understanding of the future needs of the procuring department or entity and City;

- 10.1.3. A commitment to the economic growth initiatives of the City;
 - 10.1.4. Identification of critical delivery dates;
 - 10.1.5. Identification of the frequency of the need;
 - 10.1.6. Linking the requirement to the available budget;
 - 10.1.7. Conducting expenditure analysis based on past expenditure;
 - 10.1.8. Conducting research on market related prices and alternatives in determination of the value of planned expenditure.
- 10.2. The City's procurement requirements must be consolidated through GSSCM to maximise economies of scale. To this extent, all consolidated requirements must be process through GSSCM in line with duly approved acquisition plans.
- 10.3. Procuring departments must develop clearly articulated requirements and specifications that meet the needs and expectations of multiple users, where applicable on a "like for like" basis for similar requirements. The specifications shall be unbiased, functional and not brand specific; 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' 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.'
- 10.4. Acquisition of all goods and services required must be aligned to the Service Delivery Budget Implementation Plan, quantified on a quarterly basis and translated to approved annual procurement plans.
- 10.5. Similar requirements will necessitate one contract and splitting of requirements shall be avoided.
- 10.6. Heads of Departments may elect to appoint Implementing Agents in line with approved Service Delivery Agreements of the City;
- 10.7. Where necessary, industry analysis and research should be undertaken to ensure best value for money and potential economic transformation through
- 10.8. In planning for procurement, due consideration should be taken of the provisions of the Preferential Procurement Regulations of 2017 and its Implementing Guide.

11. ACQUISITION MANAGEMENT

General Principles

- 11.1. The City shall, subject to Clause 11.8 below, 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 sufficient funds are available. All procurement of goods and services will be measured against approved acquisition plans.

- 11.2. For any exceptional and unplanned needs, permission shall be sought from the relevant Head of Department in conjunction with the Budget Office within Group Finance for the confirmation of the availability of funds to support the procurement and a motivation to deviate from the approved Acquisition Plan shall be prepared and approved by the relevant Head of Department.
- 11.3. Accounting Officers of all municipal entities must submit the approved procurement plans to the Accounting Officer of the parent municipality prior to commencement of each financial year for the development of consolidated city-wide procurement plan.
- 11.4. The Group Chief Financial Officer shall prior to advertisement of bids with estimated value above R10 million verify with Heads of Departments that:
 - 11.4.1. Budgetary provision exists for procurement of the goods, services and/or infrastructure projects;
 - 11.4.2. Any ancillary budgetary implications related to the bid, have budgetary provision for the operation of the asset, maintenance costs relating to the asset, administration costs and rehabilitation/renewal costs;
 - 11.4.3. Estimated expenditure per year is provided for any project with multi-year budgetary implications, for example, if a project will take more than one financial year.
- 11.5. The City's acquisition management will ensure that:
 - 11.5.1. Goods and services are procured by the City in accordance with authorised processes only;
 - 11.5.2. Expenditure on goods and services is incurred in terms of an approved budget and acquisition plan or in exceptional cases proper approval has been granted in terms of Clause 11.2 above;
 - 11.5.3. The threshold values for the different procurement mechanisms as contained in Table 1 below are complied with or as would have been amended by the National Treasury;
 - 11.5.4. Bid documentation including compiled bid specification/terms of reference where applicable, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
 - 11.5.5. Any National Treasury guidelines on acquisition management are properly taken into account.
- 11.6. This Policy, except where otherwise provided for herein, does not apply in respect of the procurement of goods and services contemplated in Section 110 (2) of the Act, including:
 - 11.6.1. water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
 - 11.6.2. electricity from Eskom or another public entity, another municipality or a municipal entity.

- 11.7. 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:
- 11.7.1. the kind of goods or services;
 - 11.7.2. the name of the supplier;
 - 11.7.3. the total value of the contract or project; and
 - 11.7.4. delivery / completion period for the kind of goods or service
- 11.8. Notwithstanding the provisions of Clause 11.1 above, the City may during any given financial year commence with the procurement processes with the view of procuring goods or services in respect of an ensuing financial year, provided that written approval is granted by the Accounting Officer or delegated official and in conjunction with the Budget Office with prior approval of the Group Chief Financial Officer:
- 11.8.1. the order for such goods or services shall only be placed after the commencement of the ensuing financial year; and/or
 - 11.8.2. sufficient budgetary provision has been made for the resultant expenditure and confirmed by the Group Chief Financial Officer.
- 11.9. In order to prevent over-paying for goods and services, acquisition management should include research on market prices for the goods and services procured.
- 11.10. Departments and entities have an obligation in terms of this Policy to ensure that acquisition management is conducted in such a manner that interruptions to service delivery is minimised, i.e. procurement processes must be initiated in a timely manner in order to ensure that a new service provider is appointed and ready to provide the procured goods and services by the time that a previous contract comes to an end.
- 11.10.1. The head of the relevant department/entity is responsible for ensuring that new procurement processes are initiated in a timely manner. Failure to manage the procurement processes may result in institution of disciplinary procedures.

12. LOGISTICS MANAGEMENT

Inventory Management

- 12.1. The City is committed to the following principles of inventory management:-
- 12.1.1. consolidation of stock items to avoid duplication and redundancy;
 - 12.1.2. operating and managing the stores in an efficient and cost effective manner;
 - 12.1.3. maintaining an effective item identification system;
 - 12.1.4. avoid fruitless and wasteful expenditure by disposing redundant material on time;

- 12.1.5. designing and implementing internal control systems that seeks to ensure that the City minimizes theft and avoid losses; and
- 12.1.6. Increasing efficiencies of inventory management mechanisms over time to reduce losses, which may include, amongst others, modernisation and automation.
- 12.2. The City will ensure appropriate standards of internal controls and stores/ warehouse management are in place to ensure goods placed in stores are safely secured and only used for the purpose they were purchased;
- 12.3. The City will ensure that all assets including City vehicles utilized at the respective stores / warehouses are properly managed, appropriately maintained and only used for official purposes.

Asset Disposal Management

- 12.4. The process of asset disposal shall be transparent, competitive, equitable, fair and comply with Supply Chain Management Processes and practices;
- 12.5. All asset disposal transactions, excluding harmful materials and chemicals, shall be through a public bidding process or public auction;
- 12.6. The appointment of auctioneers shall be through a competitive bidding process;
- 12.7. Prior to the disposal of assets, reasonable efforts must be made to ensure that core departments and regions have no need for any of the items, except for IT equipment, in which case the Provincial Department of Education must be given the first right of refusal.
- 12.8. Appropriate policies and procedures must be followed when donating assets that are no longer required by the City.
- 12.9. The cost of disposal in an environmentally and safe manner must be included in the lifecycle costs assessment of all products.
- 12.10. The respective departments must assume a responsibility of ensuring that all assets are indeed redundant / obsolete / unserviceable prior to disposal.

13. RISK MANAGEMENT

- 13.1. The City will effectively manage risk through a system of identification, consideration, transfer and avoidance of potential risks in the Supply Chain Management system.
- 13.2. During each procurement process, a risk register must be compiled by the procuring department during the demand management stage of the process. The risk register must be updated during each stage, as is necessary.
- 13.3. The criteria for the identification, consideration and avoidance of potential risks in the Supply Chain Management system, are as follows:
 - 13.3.1. the identification of risks on a case-by-case basis;

- 13.3.2. the allocation of risks to the risk owner best suited to manage such risks;
 - 13.3.3. acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
 - 13.3.4. the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
 - 13.3.5. the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.
- 13.4. Due care must be taken in the bid administration and management process to minimise the risk of litigation by unsatisfied service provider/s.
- 13.5. Group Strategic Supply Chain Management Unit must ensure that where third party software or license agreement/s is used, the service provider must own / must have the right of use of any intellectual property attached to the license. Any damages for non-compliance will be for the suppliers account.

14. PERFORMANCE MANAGEMENT

General

- 14.1. The Accounting Officer must establish and implement an internal monitoring system in order to determine whether the authorised supply chain management processes were followed and whether the objectives of the Policy were achieved.
- 14.2. In monitoring the performance of service providers, the following must be taken into account
- 14.2.1. timely delivery of goods and services;
 - 14.2.2. quality of goods and services delivered;
 - 14.2.3. cost-effectiveness of the process (i.e. value for money);
 - 14.2.4. compliance with all aspects of the contract;
 - 14.2.5. whether desired objectives have been achieved;
 - 14.2.6. compliance with procedural requirements; and
 - 14.2.7. deviations from procedures, and if so, reasons for deviations.
- 14.3. The City will keep a database of non-performing and underperforming suppliers.
- 14.3.1. Non-performing suppliers may be excluded from qualifying for bids from the City for a period of five years following an adverse finding against such supplier.
 - 14.3.2. Under-performing suppliers, if the under-performance could reasonably be deemed to be material, may be excluded from qualifying for bids from the City for a period of three years following an adverse finding against such supplier.
 - 14.3.3. In the case of companies, all directors of the company must be registered individually on the database of non-performing or under-performing suppliers, and no companies in which

those individuals have directorship may be disqualified from doing business with the City for a period of up to five years.

14.3.4. All companies or individuals registered on the database will be allowed to appeal the decision to place them on the database. Such appeals must be directed to the Blacklisting Committee, as envisaged in Clause 45, who must conduct an independent investigation into the matter.

14.3.5. Malicious reporting on the performance of service providers with the intent to exclude such service providers from qualifying for doing business with the City is deemed a serious offence. Any officials found to have acted maliciously in reporting on performance of service providers may be subjected to a disciplinary procedure.

15. CONSEQUENCE MANAGEMENT

15.1. In order to prevent the abuse of the SCM processes of the City by internal or external parties, the City will adopt a system of consequence management.

15.2. In addition to the stipulations of this section, the City Manager must provide further measures for the combatting of abuse of the SCM system. The City Manager is provided with the authority to:

15.2.1. take all reasonable steps to prevent such abuse;

15.2.2. refer any allegations of abuse against officials or any other role player for investigation;

15.2.3. take appropriate action against officials or other role players, including the reporting of any alleged misconduct to the South African Police Service; and

15.2.4. must report such cases to City Council.

15.3. Any officials that have adverse findings against them relating to the abuse of the SCM system will be prohibited from taking part in any procurement processes. This section is not applicable to adverse findings related to mistakes made in good-will during the normal execution of duties.

15.3.1. participation by such officials in SCM processes will automatically result in that process being put under review, and the process may be invalidated.

15.3.2. participation by such officials will result in further appropriate disciplinary steps:

15.3.2.1. against the offending official if the offending official was found to have misled the party making the decision to include them in the process; or

15.3.2.2. against the offending official and the party that made the decision to include the offending official if the decision-making party should have reasonably known that the offending official must have been excluded from the process.

15.4. Where the bids exceeds a total value in excess of R5 million, the City must conduct a probity process to ensure that:

- 15.4.1. the National Treasury’s Database of Restricted Suppliers and Register for Tender Defaulters has been cross-checked for bidders or directors that are prohibited from doing business with the public sector;
 - 15.4.2. there has been no abuse of the SCM process;
 - 15.4.3. no official with adverse findings against them relating to the abuse of the SCM process was part of the specific SCM process;
 - 15.4.4. no councillors exercised any influence over the SCM process;
 - 15.4.5. the preferred bidder is not on the City’s database of underperforming and non-performing bidders; and
 - 15.4.6. the bidder or any of its directors have not been found guilty of abuse of any abuse of any SCM system, corruption or fraud in the past five years.
- 15.5. The City reserves the right to cancel a contract awarded to a bidder if it is found that:
- 15.5.1. the bidder committed any abuse of the SCM system during the bidding process or the execution of the contract; or
 - 15.5.2. any official or other role player committed any corrupt or fraudulent act during the bidding or in the execution of the contract that benefited the person.
- 15.6. The City Manager must inform National Treasury, in a timely manner, of any decisions taken in terms of Clauses 15.5 and 15.6.
- 15.7. If an official or director of a company holds a position in a political party or a company does business with a political party, that official or bidder must make a declaration of such relationship if the company is bidding for a contract.
- 15.7.1. If a bidder that has ties to a political party through either doing business with that party or an official of the City that participates in the SCM process, that bidder must be subjected to a probity investigation before any bid may be awarded to that bidder.
- 15.8. Sureties or performances guarantees for the procurement of goods and services (including consultant services) will not generally be called for, but in exceptional circumstances, where required, will be in accordance with the limits set for construction works below. The performance guarantees required for construction works are as follows:

Amount (incl. VAT)	Percentage
Up to R1 000 000	0%
R1 000 001 to R10 000 000	5%
Above R10 000 000	10%

16. LIST OF ACCREDITED PROSPECTIVE SUPPLIERS

- 16.1. The City Manager must ensure that:
 - 16.1.1. the City keeps a list of accredited prospective providers of goods and services that must be used for the procurement requirements of the City through written quotations and formal written price quotations;
 - 16.1.2. at least once a year through newspapers commonly in circulation in the area of jurisdiction of the City, the website of the City and any other appropriate ways, prospective providers of goods or services are invited to apply for evaluation and listing as accredited prospective providers;
 - 16.1.3. the listing criteria for accredited prospective providers is specified; and
 - 16.1.4. 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.
- 16.2. 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.
- 16.3. Notwithstanding Clause 16.1.2 above, prospective providers shall be allowed to submit applications for inclusion on the list of accredited service providers at any time.
- 16.4. The list of accredited prospective providers must be compiled per commodity and per type of service.
- 16.5. 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.
- 16.6. In addition to the requirements of the City's Supplier Database, it is a requirement for all Suppliers to be registered on the National Treasury Web Based Central Supplier Database (CSD) that can be accessed at <https://secure.csd.gov.za>.
- 16.7. Bidders who are not registered on the CSD are not precluded from submitting bids, but must however register when called upon to do so and ensure that the relevant registration documents are submitted to the City before the final award is made.

17. GENERAL PRECONDITIONS FOR CONSIDERATION OF WRITTEN QUOTATIONS AND BIDS

- 17.1. The City shall not consider any written quotation or bid, unless the provider who submitted the quotation or bid has submitted:
 - 17.1.1. a signed binding quotation or bid that contains the service provider's:–
 - 17.1.1.1. full name; and
 - 17.1.1.2. identity number or company or other registration number.

- 17.1.2. a signed declaration form –
 - 17.1.2.1. 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;
 - 17.1.2.2. stating 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 for the previous twelve months; or
 - 17.1.2.3. stating whether a spouse, child or parent of the service provider or of a director, manager, shareholder or stakeholder referred to in sub-paragraph (ii) above is in the service of the state, or has been in the service of the state in the previous twelve months; and
 - 17.1.2.4. declaring any conflict of interest the provider may have in the transaction for which the quotation or bid is submitted
- 17.1.3. a One Time Pin issued by SARS and a master registration number as issued by the central supplier database (CSD).
- 17.1.4. a certificate signed by the provider certifying that the service provider has no undisputed commitments for municipal services towards the City or any other municipality in respect of which payment is overdue for more than 90 days, or certifying that an appropriate agreement has been entered into between the relevant municipality and the service provider for the repayment of all undisputed commitments for municipal services, in respect of which no payment is overdue for more than 90 days;
- 17.1.5. If the value of the transaction is expected to exceed R10 million (VAT included):
 - 17.1.5.1. and the service provider is required by law to prepare annual financial statements for auditing, must submit its audited or independently reviewed annual financial statements –
 - 17.1.5.1.1. for the past three years; or
 - 17.1.5.1.2. since its establishment, if established during the past three years.
 - 17.1.5.2. particulars of any contract awarded to the provider 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;
 - 17.1.5.3. 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 City is expected to be transferred out of the Republic;
 - 17.1.5.4. an undertaking that the bid offer was independently determined.

18. PROCUREMENT MECHANISMS

- 18.1. The City shall adhere to the principles of fair, equitable, competitive, cost effective and transparent procurement systems whenever sourcing goods and services from the market.
- 18.2. All amendments pertaining to established contracts are to be reported to the Council of the City.
- 18.3. When procuring goods and services on behalf of the City, the appropriate procurement mechanisms as listed in Table 1 hereunder, shall apply:

TABLE 1: PROCUREMENT MECHANISMS	
Procurement Mechanism	Total Transaction Value
Petty Cash Purchases	R nil to R2 000 (VAT Inclusive)
Written Quotations	<ol style="list-style-type: none"> 1. Above R 2 000 up to R200 000 (VAT Inclusive); and 2. When procuring goods or services from accredited service providers, subject to Clause 20.7 below.
Competitive Bidding Process	Above R200 000 (VAT Inclusive)
Negotiations	Any Value
Sole Suppliers	Any Value
Unsolicited Bids	Any Value
Quotations solicited from established panels	Any Value

19. PETTY CASH PURCHASES

- 19.1. Petty cash purchases may be allowed in cases where 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.
- 19.2. Petty cash purchases shall be limited for the procurement of items or services below R2 000 (VAT inclusive) only. The amount of R2 000 (VAT inclusive) should be the total value of all of the Department's requirements for a particular item or service per occasion, or the requirements must be so incidental that it is not viable/feasible for the City to establish a contract or keep stock.

20. WRITTEN QUOTATIONS

- 20.1. To ensure that transparent and equitable objectives are adhered to at all times when procuring different goods and services, the City shall use the written quotation mechanism when:
 - 20.1.1. The total value of goods and services is more than R2 000 but below R200 000 inclusive of VAT. These thresholds shall, where possible, apply to the yearly-consolidated requirements of the City; and
 - 20.1.2. Goods and services are required from service providers on any panel of service providers approved by the appropriate Adjudication Committee, in which event the provisions of subparagraph 8 below shall apply
- 20.2. Such quotations must be obtained in writing from at least three different suppliers, subject to Clause 20.3 below. As far as possible all suppliers must be afforded an opportunity to quote on a rotational basis.
- 20.3. Should it not be possible to obtain three quotations, the reasons must be recorded in the relevant report including all relevant evidence and supported by the Group Head: Strategic Supply Chain Management or the Head of Department as per their individual delegated authorities.
 - 20.3.1. In instances where it is not possible to obtain 3 quotations due to repairs work requiring stripping prior quoting such reasons as applicable must be recorded in the relevant report including all relevant evidence and supported by the Group Head: Strategic Supply Chain Management or the Head of Department as per their individual delegated authorities.
- 20.4. If there are frequent requirements, in respect of which the amount per individual transaction is less than R200 000 per user department, such requirements must be reflected in the acquisition plan for consolidation and a contract be established through a competitive bidding process.
- 20.5. Splitting of requirements with the sole intention of circumventing any of the procurement mechanisms listed is prohibited.
- 20.6. All written quotations solicited above the R30 000 threshold must be processed in accordance with the Preferential Procurement Policy Framework Act and its Regulations.
- 20.7. In the event of the appointment of service providers on any panel approved by the appropriate authority and subject to the conditions of approval by that authority, the preferred bidder shall be appointed by the relevant Bid Adjudication Committee contemplated in Annexure B, after having obtained quotations from all of the service providers in that category of goods and services of the approved panel of service providers: provided that:
 - 20.7.1. the utilisation of the panel is in accordance with the terms and conditions of the award and the approved service providers shall be afforded at least 3 days to provide their quotations;

- 20.7.2. in the event of the appointment of attorneys, it shall not be necessary to obtain three quotations, on condition that as far as possible attorneys shall be appointed on a rotational basis from an established panel;
- 20.7.3. in the event of predetermined rates that are standardised, allocation of work will be on a rotational basis to ensure fair and equitable distribution of work to the respective service providers.
- 20.8. All requirements in excess of R30 000 (VAT included) that are to be procured by means of written quotations, excluding goods or services available on contract and goods and services to be procured from service providers on any panel of service providers approved by the appropriate authority, must be advertised for at least seven days on the National Treasury e-tender portal as well as the official website and notice board of the City.

21. COMPETITIVE BIDDING PROCESS

General Conditions Applicable for a Competitive Bidding Process

- 21.1. In order to ensure transparency and equitability when procuring goods and services, the City shall use the competitive bidding process mechanism when:
 - 21.1.1. Procuring goods or services above a value of R200 000 (VAT inclusive);
 - 21.1.2. Procuring goods and services requiring long-term contracts as defined; and
 - 21.1.3. Procuring of banking services.
- 21.2. The competitive bidding process mechanism shall be utilised in the manner prescribed in the appropriate Procedure Manual.
- 21.3. Splitting of requirements with the sole intention of circumventing any of the procurement mechanisms listed in this Policy shall be prohibited.

Supply Chain Management Committee Systems

TABLE 2: SCM COMMITTEE SYSTEM		
Committee	Function	Composition
Bid Specification Committee	Compiling technical specifications incorporating set criteria for the City's requirements to be acquired	At least three officials from the user department; and representatives from Group Strategic Supply Chain Management and Group Legal and Contracts Department; and where necessary external specialist advisors.

Bid Evaluation Committee	Evaluation of bids, compilation of comprehensive reports & making recommendations for consideration by the respective adjudication committees.	At least three officials from the user department; and representatives from Group Strategic Supply Chain Management and Group Legal and Contracts Department; and where necessary external specialist advisors. For bids in excess of R5m shall be subjected to probity before award.
Bid Adjudication Committee	Consideration of the recommendations, making final awards and /or referring back the proposed recommendations back to the Bid Evaluation Committee for further analyses where necessary; All bids with a value above R10m shall be approved by the Accounting Officer	At least four senior managers of the municipality or municipal entity as regulated; and, where necessary, co-opted members as appointed by the City Manager.

21.4. The committee system must ensure that principles of objectivity, value for money and cost effectiveness are espoused in all phases of the acquisition process.

22. TWO STAGE BIDDING PROCESS

22.1. A two-stage bidding process may be followed:–

- 22.1.1. When the requirements are not easily determinable and it is ideal to engage the market in firming up the requirements;
- 22.1.2. When sensitive projects or services requiring security clearance prior to the award or where it is undesirable to prepare complete detailed technical specifications; or
- 22.1.3. In the case of complex projects that require multiple stages before award and are requiring a period exceeding three years

23. BID SPECIFICATION COMMITTEE

Purpose

23.1. Bid specification committees are responsible for compiling technical specifications incorporating set criteria for the City's requirements to be acquired.

Composition

- 23.2. The bid specification committee must be composed of at least three officials of the City from the user department and preferably include the official responsible for the function; representatives from Group Strategic Supply Chain Management and Group Legal and Contracts Department; and may include external specialist advisors.
- 23.3. City officials that form part of the bid specification committee must be deemed by the user Departments Head to have the required skills and competency to form part of the committee.
- 23.4. Persons, advisors or corporate entities who participate in the bid specification or the directors of such corporate entities are, however, prohibited from bidding for the contracts.

Function

- 23.5. When a bid specification committee compiles the technical specifications for a particular requirement, the technical specifications: –
 - 23.5.1. must be drafted in an unbiased manner to allow all potential service providers to offer their goods or services;
 - 23.5.2. must take account of any acceptable standards recognised and issued by but not limited to 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);
 - 23.5.3. must be functional and not be outcome based or brand inclined;
 - 23.5.4. must consider the requirements of the Preferential Procurement Regulations, 2017, in relation to the procurement of goods and services that have been designated for local production and content.
 - 23.5.5. must not create trade barriers in contract requirements in the forms of plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
 - 23.5.6. 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”;
 - 23.5.7. 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;
 - 23.5.8. must, for bids up to R5 million be approved by the relevant Head of Department or his or her delegated authority, prior to publication of the invitation for bids

- 23.6. 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.

24. BID EVALUATION COMMITTEE

Purpose

- 24.1. Bid evaluation committees are responsible for the evaluation of bids, compilation of comprehensive reports, and making recommendations for consideration by the respective adjudication committees.

Composition

- 24.2. The bid evaluation committee must be composed of at least three officials of the City from the user department and preferably include the official responsible for the function; representatives from Group Strategic Supply Chain Management and Group Legal and Contracts Department; and may include external specialist advisors.
- 24.3. City officials that form part of the bid evaluation committee must be deemed by the user Departments Head to have the required skills and competency to form part of the committee.

Function

- 24.4. The bid evaluation committee must check the National Treasury's database of restricted suppliers prior to recommending any bid to ensure that no recommended bidder or any of its directors is listed as a person prohibited from doing business with the public sector and must also verify the recommended bidder/s credentials on the Central Supplier Database.
- 24.5. A bid evaluation committee must: -
- 24.5.1. Evaluates bids in accordance with the approved specification and the preference point system set out in the Preferential Procurement Regulations, 2017.
 - 24.5.2. Check whether any suppliers submitted bids are on the City's database of prohibited suppliers.
 - 24.5.3. Evaluates each bidder's capability to execute the contract from a technical, financial and commercial perspective;
 - 24.5.4. Ascertain whether the bidder complies to all the general conditions as set out in Clause 24.4 above.
 - 24.5.5. Submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter pertaining to the bid/s.
- 24.6. Ensure that proper risk and financial analysis is undertaken in the evaluation of bids.

- 24.7. Ensure that the credentials of the bidder/s are verified in the National Treasury Central Supplier Database.

25. BID ADJUDICATION COMMITTEE

Purpose

- 25.1. Bid adjudication committees are responsible for making recommendations, making final awards and /or referring back the proposed recommendations back to the Bid Evaluation Committee for further analyses where necessary.
- 25.2. In considering the report and recommendations of the bid evaluation committee, the bid adjudication committee must act independently from the bid evaluation committee.

Composition

- 25.3. The bid adjudication committee must be composed of at least four senior managers of the City, which must include:
- 25.3.1. the Group Chief Financial Officer or, if the Chief Financial Officer is not available, another manager in Group Finance or other office reporting directly to the Group Chief Financial Officer and designated by the Group Chief Financial Officer ; and
 - 25.3.2. at least one senior supply chain management practitioner who is an official of the City;
 - 25.3.3. a technical expert in the relevant field who is an official of the City of Johannesburg or the municipal owned entity, if such an expert exists; and
 - 25.3.4. any other official of the municipality or municipal owned entity as a co-opted member of the bid adjudication committee to participate in committee deliberations on an *ad hoc* basis due to his/her technical expertise on a relevant topic related to a bid to be considered by the bid adjudication committee. Co-opted members are not permanent members of the committee.
- 25.4. In line with the provisions of the MSCM Regulations, Councillors are barred from participating in the procurement process
- 25.5. Neither a member of a bid specification committee, bid evaluation committee, nor an advisor or person assisting the specification or evaluation committee, may be a member of a bid adjudication committee.
- 25.6. The City Manager must appoint the chairperson of the bid adjudication committees. If the chairperson is absent from a meeting, the members of that committee who are present must elect one of them to preside at the meeting.

Function

- 25.7. A bid adjudication committee must: –
- 25.7.1. Consider bids in public where members of the public shall not participate in the proceedings and deliberations of the bid adjudication committees.
 - 25.7.2. Consider the report and recommendations of the internal/external probity advisor for bids in excess of R5 million.
 - 25.7.3. Consider the report and recommendations of the bid evaluation committee; and
 - 25.7.4. 18.3.4 Either –
 - 25.7.4.1. depending on its delegations, makes a final award or a recommendation to the City Manager to make the final award; or
 - 25.7.4.2. make another recommendation to the City Manager on how to proceed with the relevant procurement.
- 25.8. 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:-
- 25.8.1. ensure in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
 - 25.8.2. confirm that the credentials of the bidder are in order on the National Treasury Central Supplier Database
 - 25.8.3. notify the City Manager
- 25.9. The City Manager may: -
- 25.9.1. after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in Clause 25.6 above; and
 - 25.9.2. If the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- 25.10. The City Manager may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- 25.11. The City Manager shall, in accordance with Section 114 of the Act, notify the Auditor-General, the Provincial Treasury and National Treasury in writing within 10 working days where a bid, other than the one recommended in the normal course of implementing this Policy, has been approved.
- 25.12. The bid adjudication committees must consider all reports and recommendations of the bid evaluation committee in terms of their respective mandates/Terms of Reference as determined from time to time.

- 25.13. The bid adjudication committees shall make the award based on their satisfaction with the integrity of the bid evaluation process being followed and compliance to this Policy

26. QUORUM AT COMMITTEE MEETINGS

- 26.1. Upon adoption of this Policy, the Group Head: GSSCM must develop and publish guidelines within 90 days that regulate the quorum requirements for meetings of each stage of the supply chain process. The guidelines must aim to ensure that the City is compliant with minimum requirements at all times. Quorum must be confirmed at bid committee meetings in order to proceed with the business of the committee.
- 26.2. A meeting register will be completed by those present at the beginning of any meeting of a bid committee. This will be used to determine whether the necessary quorum was attained to proceed.
- 26.3. No meetings, discussion or decision about bids will take place without quorum, as defined by the guidelines envisaged in section 26.1.

27. PROCUREMENT OF CONSULTING SERVICES

- 27.1. The City may procure consulting services provided that any Treasury Guidelines in respect of consulting services are taken into account when such procurements are made.
- 27.2. The relevant Head of Department must in the first instance prepare a motivation and seek permission from the City Manager for the procurement of consulting services
- 27.3. Consultancy services must, subject to Clause 20.7 above, be procured through competitive bids if:
- 27.3.1. the value of the contract exceeds R200 000 (VAT and all other applicable taxes included)
- 27.4. Copyright in any document produced, and the patent rights and ownership in any plant, machinery, article, system or process designed or devised by a consultant in the course of the consultancy service shall vest in the City.
- 27.5. Where applicable, appointed consultants shall ensure that there shall be transfer of skills to City employees by providing a skills transfer plan and issuing a report on skills transfer to City's relevant Project Manager employees prior to project completion.
- 27.6. The City Manager shall introduce such steps as may be required to ensure that the provisions of Clause 27.5 above are complied with.

28. PROCUREMENT OF BANKING SERVICES

- 28.1. A contract for banking services –
- 28.1.1. must be procured through competitive bidding process;
 - 28.1.2. must be consistent with section 7 or 85 of the Act; and

- 28.1.3. may not be for a period of more than five years at a time
- 28.2. The process for procuring a contract for banking services must commence at least 9 months before the end of an existing contract.
- 28.3. The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of Clause 41 below.
- 28.4. Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

29. PROCUREMENT OF IT RELATED SERVICES

- 29.1. The procurement of all of the IT related goods or services must be made in accordance with the City's approved IT strategy.
- 29.2. The City Manager may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- 29.3. In the event that the City requests SITA to assist in the acquisition of IT related goods in terms of Clause 29.2 above, both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to SITA.
- 29.4. In the event the City Manager has requested assistance as contemplated in 29.2 above, must notify SITA together with a motivation of the IT needs if:
 - 29.4.1. the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
 - 29.4.2. the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- 29.5. If SITA comments on the submission and the City 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.
- 29.6. The provisions of Clause 29.2 above is applicable to all procurement mechanisms and does not apply when the City is utilising transversal contracts secured by SITA.

30. UTILISATION OF APPROVED PANELS OF SERVICE PROVIDERS

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

- 30.1. All providers on the panel of service providers shall, as far as possible, be used on a rotational basis to allow all providers on the panel fair and equal opportunity to compete for the City's business.
- 30.2. Any continued engagement of service providers on the panel shall be dependent on the performance and quality standards set out.

- 30.3. In the event where the user department wishes to make use of a panel established by another department or entity, such a user department shall obtain written permission from the custodian of the panel in writing, in line with their approved acquisition plan, prior to the intended engagement.
- 30.4. 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.
- 30.5. All quotations solicited by the end-users, from the respective panels, will be deposited into the quotation box, in a sealed envelope clearly identifiable in terms of the panel number and the item being procured from that panel. Where functionality is key to the requirements, the requirements of MFMA Circular 53 shall apply.
- 30.6. The utilisation of the service providers of the respective panels will not exceed the duration of the panels nor exceed the approved estimated value.
- 30.7. All procurement under Clause 30 shall be for a maximum set by the City Manager and any procurement above this amount (currently R5 million) shall be subject to a normal public tendering process.
- 30.8. Application of the PPPFA Regulations to the extent that Price and BBBEE preferential points becomes the basis for preference for one bidder over the other shall not apply when appointing bidders onto a panel of service providers. Preferential Points system shall apply when a service provider appointed onto the panel is requested to submit quotations. In the case where a fixed or standardised rates are agreed upon by all members of the Panel no further preferential elimination shall apply and service providers shall be utilised on a rotational basis.
- 30.9. Bid Specification Committee will not be required to convene where the Terms of Reference or Specifications applicable have been outlined in detail at the time of establishing the panel and there is no further qualification required when requesting quotations once the Panel has been established and the estimated procurement value does not exceed R200 000.00 Inclusive of VAT.

31. SOLE SUPPLIERS

Procuring goods and services from sole suppliers occur when:

- 31.1. Only one service provider manufactures or renders goods and services due to the unique nature of the requirements;
- 31.2. Goods and services already in the City's value chain / employ are only supplied by an Original Equipment Manufacturer (OEM) or by a licensed agent thereof; or
- 31.3. There is a requirement for compatibility, continuity and/or alignment.
- 31.4. Authorised agents must produce:

- 31.4.1. An appropriate letter from the relevant OEM before the award is made; and,
- 31.4.2. Documentary evidence confirming its status as a licensed owned agent.
- 31.5. To ensure transparency and fairness all requirements categorised to be sourced from sole service providers shall be advertised for at least 14 calendar days, provided that in respect of banking services and bids valued above R10 million (inclusive of VAT), the periods contemplated in Clause 41 are adhered to.

32. UNSOLICITED BIDS

Unsolicited bids are bids that are pre-emptively submitted by the prospective service provider(s) to the City without any requirements being identified and advertised by the City. This situation arises when the service provider(s) identify an opportunity to render services or supply products not ordinarily required by the City, or where the need for such services or goods have not yet been identified by the City.

- 32.1. The City shall not be obliged to consider unsolicited bids received outside the normal competitive bidding process.
- 32.2. The City Manager may consider an unsolicited bid, but only if:
 - 32.2.1. The product or service offered in terms of the bid has a demonstrably or proven unique innovative concept;
 - 32.2.2. The product or service will be exceptionally beneficial to, or have exceptional cost advantages;
 - 32.2.3. The person who made the bid is the sole provider of the product or service; and
 - 32.2.4. The reasons for not going through the normal bidding processes are approved by the Accounting Officer.
- 32.3. If the City Manager decides to consider an unsolicited bid that complies with Clause 32.2 above, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with:
 - 32.3.1. Reasons as to why the bid should not be opened to other competitors;
 - 32.3.2. An explanation as to why the bid should not be opened to other competitors;
 - 32.3.3. An invitation to the public or other potential suppliers to submit their comments within 30 days of the date the decision has been published.
- 32.4. The City Manager shall submit all written comments received pursuant to Clause 32.3.3 above, including any responses from the unsolicited bidder, to the National Treasury and the Provincial Treasury for comment.
- 32.5. The Executive Adjudication Committee must consider the unsolicited bid and may award the bid or make a recommendation to the City Manager, depending on its delegations.

- 32.6. A meeting of the Executive Adjudication Committee to consider an unsolicited bid must be open to the public.
- 32.7. When considering the matter, the Executive Adjudication Committee must take into account –
 - 32.7.1. Any comments submitted by the public, as well as the response received from the unsolicited bidder, if any; and
 - 32.7.2. Any written comments and recommendations of the National Treasury or the Provincial Treasury.
- 32.8. If any recommendations of the National Treasury or Provincial Treasury are rejected or not followed, the City Manager must submit to the Auditor General and the Provincial and National Treasury the reasons for rejecting or not following those recommendations.
- 32.9. The recommendation referred to in Clause 32.8 above must be made within 7 days after the decision on the award of the unsolicited bid is taken, but no contract committing the City to the bid shall be entered into or signed within 30 days of the submission.
- 32.10. The City reserves the right:
 - 32.10.1. Not to award the business to the bidder that has made the unsolicited bid;
 - 32.10.2. To award the business to any competitive bidder instead of the unsolicited bidder; and/or
 - 32.10.3. To reject any bidder who may have generated an unsolicited bid having used privileged information owned by the City.

33. DEVIATIONS FROM AND RATIFICATION OF MINOR BREACHES OF THE PROCUREMENT PROCESSES IN TERMS OF REGULATION 36 OF THE MUNICIPAL SUPPLY CHAIN MANAGEMENT REGULATIONS

- 33.1. Deviations from the procurement processes contained in this Policy are not encouraged and shall only be allowed in the circumstances provided for in this paragraph.
- 33.2. The City Manager may :
 - 33.2.1. deviate from the official procurement processes contained in this Policy and approve the procurement of any required goods or services through any convenient process, which may include direct negotiations, but only
 - 33.2.1.1. in an emergency;
 - 33.2.1.2. if such goods or services are produced or available from a single/sole provider as contemplated in Clause 31 above;
 - 33.2.1.3. for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - 33.2.1.4. for the acquisition of animals for Johannesburg Zoo, including the acquisition of animals for Johannesburg Metro Police Department; and/or

- 33.2.1.5. in any exceptional case where it is impractical or impossible to follow the official procurement processes.
- 33.2.2. ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties, which are purely of a technical nature.
- 33.3. Reasons for the deviation or ratification must be motivated and recommended by the responsible Head of Department in the relevant report for consideration by the City Manager.
- 33.4. The City Manager must record the reasons for any approved deviation or ratification in terms of Clauses 33.2.1 and 33.2.2 above, must report them to the next meeting of the Council and must include any such deviation or ratification as a note to the annual financial statements.
- 33.5. Clause 33.3 does not apply to the procurement of goods and services contemplated in Clause 31 of this Policy.

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

- 34.1. The City Manager may approve the procurement of goods and/or services under a contract secured by another organ of state, but only if:
 - 34.1.1. the contract has been secured by such other organ of state by means of a competitive bidding process applicable to that organ of state;
 - 34.1.2. there is no reason to believe that such contract was not validly procured;
 - 34.1.3. there are demonstrable discounts or benefits to do so;
 - 34.1.4. the other organ of state and the provider has consented to such procurement in writing; and
 - 34.1.5. the goods or services required by the City are similar to those on contract.
 - 34.1.6. the goods are procured under similar terms and conditions.
 - 34.1.7. Clauses 33.1.3 and 33.1.4 above do not apply if the City procures goods or services through a contract secured by any municipal entity of the City.
- 34.2. The respective departments within the City must solicit prior approval from the Accounting Officer for participation in a contract established by other organs of state.
- 34.3. The above must not be exercised to defeat the purpose and intentions of the competitive bidding process and must be considered as a mechanism of last resort.

35. CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER

- 35.1. 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 City, the contract between the service provider and the City must:–

- 35.1.1. contain a cap on the compensation payable to such service provider; and
- 35.1.2. stipulate that such compensation shall be performance based.

36. GOODS NECESSITATING SPECIAL SAFETY CONSIDERATIONS

- 36.1. The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, must be avoided wherever possible.
- 36.2. Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the City Manager.

37. NEGOTIATIONS WITH PREFERRED BIDDERS

- 37.1. The necessary prior approval or mandate to negotiate with any service providers must be obtained in writing from the relevant Bid Adjudication Committee or City Manager or any delegated official, as the case may be.
- 37.2. All negotiations must be exercised in a fair, equitable, transparent and competitive manner that will not unduly disadvantage other bidders and compromise the integrity of the processes.
- 37.3. 19.2.1 The negotiation mechanism may be used only when:
 - 37.3.1. Procuring goods and services from single or sole suppliers;
 - 37.3.2. Annual price increases in respect of existing contracts are requested;
 - 37.3.3. Terms and conditions in respect of existing contracts require amendment;
 - 37.3.4. Finalising the award of business with preferred bidders provided that:
 - 37.3.4.1. Such negotiations do not allow any preferred bidder a second or unfair opportunity;
 - 37.3.4.2. Such negotiations are not to the detriment of any other bidder
 - 37.3.4.3. Such negotiations do not lead to a higher price than the bid as submitted; and
 - 37.3.4.4. The preferred bidder's quoted price exceeds 11% or 25% premium for the promotion of B-BBEE objectives as provided for in the revised Preferential Procurement Regulations, 2017 for both quotations and bids.
 - 37.3.4.5. Such negotiations must be aimed at realising cost effectiveness in the procurement of goods and services where the market rates are easily determinable for both quotations and bids.
- 37.4. The approval or mandate to negotiate must at least include the following:
 - 37.4.1. Reasons for negotiations
 - 37.4.2. Negotiation parameters
 - 37.4.3. Objectives of the negotiations

- 37.4.4. Names of identified service providers (s) to negotiate with; and
- 37.4.5. Names of the persons authorised to conduct the negotiations
- 37.5. The outcome of the negotiations must be approved by the relevant Bid Adjudication Committee or City Manager or delegated authority, as the case may be, before award.
- 37.6. Records of all negotiations must be kept.

38. SPONSORSHIPS

- 38.1. The City Manager must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –
 - 38.1.1. a provider or prospective provider of goods or services; or
 - 38.1.2. a recipient or prospective recipient of goods disposed or to be disposed.
- 38.2. All sponsorships by the City to external organizations or parties shall be subject to such terms and conditions as the Council may determine from time to time, which terms and conditions shall be deemed to be incorporated into this Policy by means of Practice Notes contemplated in Clause 52 below.

39. REJECTION OF BIDS/NON-RESPONSIVE BIDS

- 39.1. 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.
- 39.2. If all bids were rejected, the City 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.
- 39.3. If rejection is due to lack of competition, wider advertising should be considered.
- 39.4. 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 City Manager, from only those that submitted bids in the first instance.
- 39.5. All bids should not be rejected solely for the purpose of obtaining lower prices to the extent to which the provisions of the Preferential Procurement Regulations, 2017 are complied with. If the lowest evaluated responsive bid exceeds the City's pre-bid cost estimates by a substantial margin, the City must investigate the causes for the excessive cost and consider requesting new bids as described above.

- 39.6. The City should negotiate with the identified preferred bidder(s) to try to obtain a satisfactory contract as contemplated in the Preferential Procurement Regulations, 2017.
- 39.7. The City Manager'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.
- 39.8. The City should report to the Provincial Treasury when a bid is cancelled for the second time.

40. CANCELLATION OF BIDS

- 40.1. Cancellation of bids must be in line with the provisions of the Preferential Procurement Regulations, 2017.
- 40.2. In the event of irregularities or fraudulent activities in any stage of the procurement process, the City reserves the right to cancel the bid, subject to the provisions of this Clause.
- 40.3. In the event of a bid being cancelled as a result of the recommendations of the Bid Evaluation Committee, the relevant Bid Evaluation Committee must submit a report requesting permission from the Accounting Officer for cancellation of the bid stating the reasons for such cancellation prior to the bidders being notified of the cancellation.
- 40.4. Where goods and services are no longer required, the relevant Head of Department must submit a report requesting permission for the cancellation of the bid stating the reasons for such cancellation to the Accounting Officer prior to bidders being notified of the cancellation.
- 40.5. In the event that the bid is being cancelled for the second time, prior approval must be sought and obtained from the relevant Provincial Treasury before issuing new bid invitations from the market.
- 40.6. 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.
- 40.7. The cancellation of bids must be advertised in the same publications where it was initially advertised, the City's website and notice board as well as the National Treasury e-tender portal.
- 40.8. The cancellation of construction related projects must also be advertised on the CIDB website.

41. PUBLIC INVITATION AND BID DOCUMENTATION FOR COMPETITIVE BIDS

The following procedures shall apply to the invitation of competitive bids:

- 41.1. 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 City and the notice board of the City as well as the National treasury e-tender portal or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and

- 41.2. The information contained in a public advertisement, must include:
- 41.2.1. 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 Clause 28.3 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 Clause 41.3 and 41.6 below;
 - 41.2.2. a statement that bids may only be submitted on the bid documentation provided by the City; and
 - 41.2.3. the date, time and venue of any proposed site meetings or briefing sessions, where applicable.
- 41.3. The City Manager 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 to adhere to the official advert period or closing period thereof.
- 41.4. All bids submitted must be sealed, unless otherwise stated in the bid invitation.
- 41.5. Where bids are requested in electronic format, such bids may be supplemented by sealed hard copies at the discretion of the Accounting Officer.
- 41.6. 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.
- 41.7. Bid documentation for a competitive bidding process must:
- 41.7.1. take into account:
 - 41.7.1.1. the general conditions of contract and any special conditions of contract, if specified;
 - 41.7.1.2. any Treasury guidelines on bid documentation; and
 - 41.7.1.3. the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
 - 41.7.2. include the evaluation criteria, preference points system to be used as contemplated in the Preferential Procurement Regulations, 2017 and any criteria required by other applicable legislation;
 - 41.7.3. compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;

- 41.7.4. if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–
- 41.7.4.1. if the bidder is required by law to prepare annual financial statements for auditing, their audited or independently reviewed annual financial statements –
 - 41.7.4.1.1. for the past three years; or
 - 41.7.4.1.2. since their establishment if established during the past three years
 - 41.7.4.2. a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards the City or any other municipality in respect of which payment is overdue for more than 90 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 90 days;
 - 41.7.4.3. 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.
 - 41.7.4.4. 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
- 41.7.5. 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.

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

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

- 42.1. The invitation to bid must indicate that the bid will be evaluated on functionality.
- 42.2. 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.
- 42.3. 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 panel has a common understanding on how to evaluate and score bidders on functionality.

- 42.4. 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.
- 42.5. 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.
- 42.6. The minimum participation threshold that a bidder must obtain for functionality in order to be considered for further evaluation must be outlined in the bid document and all bidders who do not meet the stipulated threshold must be disqualified. Scores for functionality must be expressed to two decimal places.
- 42.7. All bids that do not have functionality element shall be evaluated and adjudicated on a straight 90/10 and 80/20 preference 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 as per the PPPFA.
- 42.8. 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.
- 42.9. 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.
- 42.10. 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.

43. PROCEDURE FOR HANDLING, OPENING AND RECORDING OF BIDS

The following procedures for the handling, opening and recording of bids shall apply:

- 43.1. Bids–
 - 43.1.1. must be opened in public;
 - 43.1.2. must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
 - 43.1.3. received after the closing time shall not be considered and shall be returned unopened without delay.

- 43.2. 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;
- 43.3. 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
- 43.4. The City Manager must –
 - 43.4.1. record all bids received in time in an appropriate bid opening register;
 - 43.4.2. make the bid opening register available for public inspection; and
 - 43.4.3. publish the entries in the register and the bid results on the website of the City.

44. AMENDMENT OF CONTRACTS

- 44.1. Contracts or agreement may be amended only after reasons for the proposed amendment have been tabled in the council of the municipality.

45. DATABASE OF RESTRICTED SUPPLIERS OR PERSONS PROHIBITED FROM DOING BUSINESS WITH THE CITY AND/OR THE PUBLIC SECTOR

- 45.1. The City will establish a database of suppliers and /or persons prohibited from doing business with the City. This database may include: -
 - 45.1.1. any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.
 - 45.1.2. any prospective provider or any of its directors have not been found guilty of abuse of any abuse of any SCM system, corruption or fraud in the past five years; and
 - 45.1.3. Non-performing and / or under-performing suppliers as contemplated in Clause 14.
- 45.2. The City reserves the right to reject bids from any supplier listed in the database contemplated in Clause 45.1

Establishment of a Committee to Consider the Prohibition of Suppliers

- 45.3. The City Manager may from time to time nominate a Committee to consider the addition of any prospective provider to the database contemplated in Clause 45.1. This may include the implementation of recommendations of any forensic investigation including the consideration of written and oral representation from implicated suppliers.
- 45.4. This committee must consist of at least four senior managers of the City, including:
 - 45.4.1. the Group Chief Financial Officer or, if the Chief Financial Officer is not available, another manager in Group Finance or other office reporting directly to the Group Chief Financial Officer and designated by the Group Chief Financial Officer ; and

- 45.4.2. the Group Head: Legal and Contracts or, if the Group Head is not available, another manager in Group Legal and Contracts reporting directly to the Group Head and designated by the Group Head; and
- 45.4.3. The Group Head: Group Supply Chain Management
- 45.4.4. at least one other senior manager nominated by the City Manager.
- 45.4.5. Any other officials deemed necessary by the City Manager.

Prohibition of Suppliers

- 45.5. The Committee must prepare a report to the Accounting Officer with recommendations of supplier to be listed on the National Treasury's list of restricted suppliers and the City's internal database of prohibited suppliers, where applicable.
- 45.6. A decision to blacklist a supplier, and the reasons informing such a decision, must be made public, including being made available on the City's website.
- 45.7. Any supplier blacklisted in terms of Clause 45.3 may appeal such decision through the Office of the City Manager.

46. INDUCEMENTS, REWARDS, GIFTS AND FAVOURS

- 46.1. No person who is a supplier or prospective supplier 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:
 - 46.1.1. any inducement or reward to the City for or in connection with the award of a contract; or
 - 46.1.2. any reward, gift, favour or hospitality to:
 - 46.1.2.1. any official; or
 - 46.1.2.2. any other role player involved in the implementation of this Policy.
- 46.2. The City Manager must promptly report any alleged contravention of Clause 46.1 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.
- 46.3. Any official that is offered a gift from a supplier or recipient, as envisaged in Clause 46.1, must immediately report such attempt to Group Head: GSSCM, who must also inform the committee contemplated in Clause 45.
- 46.4. Any official or other party that does not comply with Clause 46.3 or who accepts any inducement, reward, gift or favour will be in contravention of this policy and must be referred to Group Head: GSSCM, after which appropriate disciplinary steps that may include dismissal or referral to the South African Police Service will be taken.

- 46.5. All parties that are participant to a SCM process must sign a declaration that neither they nor any family member have been influenced in any way by any third party.
- 46.6. Upon successful award of a contract, the successful supplier must sign a declaration that they have not influenced in any manner officials or any of their family members that were part of any part of the SCM process.

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

- 47.1. 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. Verification of supplier credentials in the Central Supplier Database is a mandatory requirement for all procurement mechanisms listed in this Policy with the exception of Petty Cash purchases.
- 47.2. It is the service provider's responsibility to provide the City with a valid Tax Compliance Certificate or One Time Pin and/or proof of registration on the Central Supplier Database. Failure to do so may result in the automatic disqualification of the relevant service provider.
- 47.3. It is an offence to deregister for VAT purposes after obtaining business from the City, without advising the City accordingly. Should the City establish that a service provider has deregistered after the contract award and is claiming VAT, the City shall be entitled to summarily cancel the contract, prohibit the offender from doing future business with City and/or lay criminal charges against the offender.

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

- 48.1. The City 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:
- 48.1.1. Person in the service of the state;
 - 48.1.2. If that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
 - 48.1.3. An advisor or consultant contracted with the municipality or municipal entity.

49. AWARDS TO CLOSE FAMILY MEMBERS AND FRIENDS OF PERSONS IN THE SERVICE OF THE STATE

- 49.1. The awarding of contracts by officials in decision-making positions to close family members or friends shall not be allowed. To this extent, all relevant officials shall make full disclosure of

businesses owned by close family members and / or friends on an annual basis and no such officials shall directly or indirectly be involved in the awarding of such business transactions.

- 49.2. Should officials in the employment of the City of Johannesburg fail to make the disclosure outlined in 49.1 and it is found that any contract is awarded to a bidder that is closely related to an official, the City Manager is mandated to take disciplinary action against the official.
- 49.3. The City Manager must ensure that the notes to the annual financial statements 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:
 - 49.3.1. the name of that person
 - 49.3.2. the capacity in which that person is in the service of the state; and
 - 49.3.3. the amount of the award.

50. RESOLUTION OF QUERIES, DISPUTES, OBJECTIONS AND COMPLAINTS

- 50.1. Persons or service providers aggrieved by decisions or actions taken in the implementation of this Policy or in the awarding of business, may, within 10 working days of the decision or action lodge a written complaint, objection or query with the City Manager detailing the following:
 - 50.1.1. the tender/bid or the quotation reference number;
 - 50.1.2. the part of the City Policy, Regulations or Act that has been violated;
 - 50.1.3. the details of the violation;
 - 50.1.4. the department or region or utilities involved;
 - 50.1.5. relief sought:
- 50.2. Provided that no person aggrieved by any such decisions or actions shall be entitled to lodge such complaint, objection or query after expiry of the period of 10 days, unless the City Manager has on good cause shown, condoned the late lodging thereof.
- 50.3. The City Manager must appoint an independent and impartial person, from outside or within the City, to investigate the complaint, objection or query concerned and propose an appropriate resolution. The person so appointed must be someone who was not involved in the transaction in question.
- 50.4. Disputes relating to contracts will be resolved strictly according to the disputes resolution mechanism provided for in the contract document.
- 50.5. The provisions of this paragraph shall not prohibit or infringe on the rights of any party to approach a Court of Law for appropriate relief regarding the dispute in question, provided that:

50.5.1. the laws of the Republic of South Africa shall apply to all and any disputes resulting from the implementation of this Policy, or any contract entered into in terms of this Policy; and

50.5.2. only a South African Court of Law of competent jurisdiction shall decide such dispute.

51. PREFERENTIAL PROCUREMENT

51.1. Where this Policy does not provide for a matter regulated by the Preferential Procurement Regulations, 2017, the provisions of the regulations will prevail in respect of a “tender” as defined in the regulations.

51.2. 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.

51.3. 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, 2017 and aligned to the Central Supplier Database.

51.4. Where emerging businesses have the capacity to deliver on projects but do not have the capital to execute, the City will facilitate payments within 14 days from the date of delivery to ensure that projects are delivered according to the requirements of the bid.

51.5. The City’s general conditions of contract must include Clauses that will instil principles of economic transformation for designated groups as contemplated in the Preferential Procurement Regulation, 2017.

51.6. The following are the City’s focus areas on transformation:

51.6.1. Skills transfer: Successful bidders will identify targeted beneficiaries and use City’s project as a practical means to transfer skills between mentor and mentee.

51.6.2. Employment: Labour intensive projects will be able to act as catalyst for the employment of targeted beneficiaries.

51.6.3. Sub-Contracting and Prequalification: Sub-contracting to designated groups shall be an effective mechanism to achieve the City’s transformation goals as contemplated in regulations 4 and 9 of the Preferential Procurement Regulations, 2017.

51.6.4. Joint venture: In instances where the capital outlay and technical expertise required to successfully deliver a project to specification a joint venture structure shall be an appropriate mechanism for designated groups to participate in large projects.

51.7. That the Head of Department for Economic Development assumes full responsibility for the identification, implementation and reporting thereof City’s development programs and setting up of targets.

- 51.8. That the City through Department for Economic Development assists the designated groups 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.

52. SCM PROCEDURE MANUAL, PRACTICE NOTES, NATIONAL TREASURY GUIDELINES AND CIRCULARS

- 52.1. The Group Chief Financial Officer may from time to time through the Group Head: GSSCM issue practice notes and amendments to the SCM Procedure Manual as may be deemed expedient for the implementation of this Policy.
- 52.2. Any such amendments to the SCM Procedure Manual and Practice Notes referred to in Clause 52.1 and any National Treasury Guidelines that may be issued by National Treasury from time to time, shall upon issuing thereof be deemed to be incorporated and form part of this Policy.
- 52.3. The Group Chief Financial Officer must, through the Group Head: GSSCM Group Head: GSSCM:
- 52.3.1. Develop a standardised form/checklist to be used in all procurement processes that ensure compliance with each and every step of this Policy.
 - 52.3.2. Develop a guide to the City of Johannesburg's SCM procedures that must be made available to all City employees. Such a guide must:
 - 52.3.2.1. Be written in plain language and in such a manner that all City officials may understand the processes;
 - 52.3.2.2. Include diagrammatic illustrations of the process wherever possible; and
 - 52.3.2.3. Must be developed in cooperation with National Treasury, wherever possible.

53. HANDLING OF PROPRIETARY INFORMATION

- 53.1. All information designed and prepared for the City is deemed as proprietary. No such information may be distributed, modified or customized for third parties without written permission.
- 53.2. All information pertaining to service providers shall be treated confidential.
- 53.3. In appropriate instances, the City may require security clearance and confidentiality agreements to be entered into with service providers.

54. DELEGATION OF AUTHORITY AND DUTIES

- 54.1. The City Manager, in terms of Section 79(1) of the Act, hereby delegates Supply Chain Management Powers and duties as set out in Annexure B.
- 54.2. The City Manager shall be entitled at all times to withdraw or amend the delegations contained in Annexure B or to determine new delegations, should the need therefore arise.

55. BREACHES AND DEVIATIONS

- 55.1. This policy is applicable to all City Departments/role players mentioned herein and any breaches of this policy amounts to unjust administrative action.
- 55.2. Deviations from this policy may only occur when justifiable under law, or in the case where compliance with this policy will undermine the achievement of the goals of this policy or any superior policy or legislative instruments.

56. MONITORING AND EVALUATION

- 56.1. GSSCM, assisted by Group Finance, is responsible for developing and implementing monitoring and evaluation tools for the implementation of this Policy.
- 56.2. Quarterly reports on the implementation of this Policy is to be submitted to Council.

57. REVIEW AND AMENDMENT OF THIS POLICY

- 57.1. The City Manager must submit all subsequent amendments of this Policy to the Council for approval. Such amendments must be in line with the Regulations and Model Policy as compiled by National Treasury, and any National Treasury Guidelines. Deviations from the Model Policy or Regulations must be reported to the National and Provincial Treasuries.
- 57.2. The City Manager, through the Group Chief Financial Officer, must at least annually, or more frequently if required, review the implementation of this Policy to determine to what extent, if any, this Policy needs to be amended in order to remain relevant to changed circumstances.
- 57.3. Amendments to this Policy shall be presented to and approved by the Council of the City.
- 57.4. When amending this Policy, the need for uniformity in supply chain management practices, procedures and forms in local government, particularly to promote accessibility of supply chain management systems for small and emerging businesses, must be taken into account.
- 57.5. The City Manager shall in terms of Section 62 (1)(f)(iv) of the Act, take all reasonable steps to ensure that the City implements this Policy.
- 57.6. Wherever possible, the City must take reasonable steps to consult with National Treasury when reviewing or amending this Policy or when any documents related to SCM is being developed by the City.

58. IMPLEMENTATION

- 58.1. This amended Policy comes into effect from the date of adoption thereof by the City Council of the City of Johannesburg.
- 58.2. The adoption of this Policy renders all previous SCM policies repealed. Where this Policy fails to address a specific issue, reference may be made to provisions of previous policies for guidance,

unless such provisions is in conflict with any of the provisions of this Policy. Where such action is taken, clear reference must be made of the policy referred to, and must be reported to the Accounting Officer.

59. COMMUNICATION

- 59.1. Reasonable steps must be taken to ensure that the key provisions of this Policy are communicated to all stakeholders, through advertisements in print publications and prominent publication on the City's website.
- 59.2. The Policy, and all subsequent amendments, must be made readily available on the City's website.

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 City'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
- (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 shall not be tolerated and shall be punishable by the City.

2. GENERAL PRINCIPLES

2.1 The City 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;

- (iii) must not interfere with Supply Chain Management processes and system in order to influence the outcome of an award by tampering with any price quotations and bids;
- (iv) must keep all information, including service providers 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 City Manager 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 City Manager 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 City ;
- (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
- (xiv) Employees must report to the City Manager 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 City or MOEs, employees or other role players; and
 - (c) any alleged breach of this code of conduct.

3.2 The City is committed to the highest standard of integrity and any official transgressing this code will be dealt with in accordance with the City'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 City Manager must keep record of all declarations.

5. SERVICE PROVIDERS ETHICAL CONDUCT

5.1 Service providers are expected to assist the City 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;
- (c) must not assist or offer financial relief to employees in financial difficulties;
- (d) must not request from employees information about the City'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 City. The names of service providers defaulting will be submitted to National Treasury for black listing.

ANNEXURE B: CITY'S DELEGATIONS OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES

1. DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES TO THE CITY MANAGER

1. The Council hereby delegates the following powers and duties to the City Manager, excluding those directly assigned to the City Manager as accounting officer in terms of the Act and any other applicable legislation, which are necessary to enable the City Manager –

(a) to discharge the Supply Chain Management responsibilities conferred on accounting officers in terms of:-

(i) Chapters 8, 10 and 11 of the Act;

(ii) This Policy;

(b) to maximise administrative and operational efficiency in the implementation of this Policy;

(c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy;

(d) to approve the composition of any Bid Specification and Bid Evaluation Committees; and

(e) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.

2. The City Manager may sub-delegate any power and duty delegated to him in terms of subparagraph (1) to any official or to a committee which is exclusively composed of officials of the City.

2. DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES BY THE CITY MANAGER

(1) The City Manager, in terms of section 79(1) of the Act, hereby delegates, subject to subparagraph 2 below, the following Supply Chain Management powers and duties assigned to him in terms of the Act to:-

a. **The Group Chief Financial Officer:** the implementation of Supply Chain Management responsibilities and activities in terms of the Act and its Regulations.

b. **The Executive Adjudication Committee, Intermediate Adjudication Committee and Central Adjudication Committee:**

(i) the power to make final awards as follows:

Committee	Chairperson	Value
Executive Adjudication Committee (EAC)	Chief Operating Officer	> R5 million VAT Inclusive for the contract/ project duration Make recommendations to accounting officer to award bids above R10 million VAT inclusive for the contract/ project duration
Central Adjudication Committee (CAC)	The Group Chief Finance Officer or his or her nominated Unit head / Director within Group Finance	> R 200 000 to R5 million VAT Inclusive for the contract / project duration

- (ii) the authority to 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 City.

c. The Group Head: Strategic Supply Chain Management:

- (i) the authority to make final awards from R30 000 to R200 000 (inclusive of VAT), after having complied with paragraph 20 above;

d. Heads of Departments:

- (i) the authority to make final awards up to R30 000 (inclusive of VAT), including petty cash purchases contemplated in paragraph 19 above;
- (ii) the authority to make appointments from established panels of service providers approved by an appropriate authority within the City, in the manner contemplated in paragraph 20.7 above, after having obtained a minimum of three quotations from any of the service providers on such a panel;

(2) A Head of Department shall be entitled to further sub-delegate the authority referred to in sub-paragraph (d) above to any person under his or her control, subject to such conditions as the relevant Head of Department may determine.

(3) The City Manager shall be entitled at all times to withdraw or amend the delegations contained in sub-paragraph (1) above or to determine new delegations, should the need therefore arise.