

## 12 Range of procurement processes

- 1) Goods and services may only be procured by way of –
  - a) petty cash purchases in terms of Council's Petty Cash Policy for procurement transactions with a value up to R2 000 (Incl. VAT);
  - b) one written quotations for procurement transactions with a value up to R2 000 (Incl. VAT);
  - c) three written quotations for procurement transactions with a value over R2 000 (Incl. VAT) up to R30 000 (Incl. VAT) ;
  - d) formal written price quotations for procurement transactions valued over R30 000 (Incl. VAT) up to R200 000 (Incl. VAT) ; and
  - e) a competitive bidding process for –
    - (i) procurement transactions with a value above R200 000 (Incl. VAT); and
    - (ii) the procurement of long term contracts.
- 2) The Accounting Officer may, in writing -
  - a) lower, but not increase, the different threshold values specified in sub-clause (1); or
  - b) direct that –
    - (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000 (Incl. VAT);
    - (ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R30 000 (Incl. VAT); or
    - (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000 (Incl. VAT).
- 3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

## 13 General preconditions for consideration of written quotations or bids

- 1) A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –
  - a) has furnished that provider's –
    - (i) full name;
    - (ii) identification number or company or other registration number; and
    - (iii) tax reference number and VAT registration number, if any;
  - b) has authorised the Municipality to verify any of the documentation referred to in sub-clause (a) above; and
  - c) has indicated –
    - (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
    - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholder or stakeholders are in the service of the state, or has been in the service of the state in the previous twelve months; or
    - (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in sub-clause (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

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**14 Lists of accredited prospective providers**

- 1) The Accounting Officer must –
  - a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and
  - b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers; and
  - c) disallow 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.
- 2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.
- 3) The list must be compiled per commodity and per type of service.

**15 Written quotations below R2,000 (Incl. VAT)**

- 1) The conditions for the procurement of goods by means of written quotations referred to in clause 12(1)(b) of this Policy for minor items that are purchased for up to R2,000 (Incl. VAT), are as follows:-
  - a) written quotations for transactions must be obtained from at least one prospective supplier or service provider preferably from, but not limited to, suppliers or service providers whose names appear on the list of accredited prospective providers of the Municipality provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in clause 14(1) (b), (c) and (d) of this Policy;
  - b) Written quotations may be solicited telephonically but must be confirmed in writing (facsimile, computer print, e-mail, hand-written) by the officials in the Purchasing Section as specified and reviewed by the user-departments.

**16 Written quotations above R2,000 (Incl. VAT)**

- 1) The conditions for the procurement of goods or services through written quotations for amounts above R2,000 (Incl. VAT) up to R30,000 (Incl. VAT) are as follows:
  - a) quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the Municipality provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in clause 14(1) (b), (c) and (d) of this Policy;
  - b) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer and reported quarterly to the Accounting Officer or another official designated by the Accounting Officer;
  - c) the Accounting Officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
  - d) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

**17 Formal written price quotations**

- 1) The conditions for the procurement of goods or services through formal written price quotations are as follows:
  - a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the Municipality;
  - b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in clause 14(1) (b), (c) and (d) of this Policy;
  - c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer; and

- d) the Accounting Officer must record the names of the potential providers and their written quotations.
- 2) A designated official referred to in sub-clause (1) (c) must within three (3) business days of the end of each month report to the Chief Financial Officer on any approvals given during that month by that official in terms of that sub-delegation.

**18 Procedures for procuring goods or services through written quotations and formal written price quotations**

- 1) The procedure for the procurement of goods or services through written quotations or formal written price quotations is as follows:
  - a) when using the list of accredited prospective providers the Accounting Officer must promote on-going competition amongst providers by inviting providers to submit quotations on a rotation basis;
  - b) all requirements in excess of R30,000 (Incl. VAT) that are to be procured by means of formal written price quotations must, in addition to the requirements of clause 17, be advertised for at least five business days on the website and an official notice board of the Municipality;
  - c) quotes received must be evaluated on a comparative basis taking into account unconditional discounts;
  - d) the Accounting Officer or Chief Financial Officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation;
  - e) quotes must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;
  - f) the Chief Financial Officer must set requirements for proper record keeping of all formal written price quotations accepted on behalf of the municipality;

**19 Competitive bids**

- 1) Goods or services above a transaction value of R200 000 (Incl. VAT) and long term contracts may only be procured through a competitive bidding process, subject to clauses 11(2) of this Policy.
- 2) No requirement for goods or services above an estimated transaction value of R200,000 (Incl. VAT), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

**20 Process for competitive bidding**

- 1) The procedures for the following stages of a competitive bidding process are as follows:
  - a) Compilation of bidding documentation as detailed in clause 21;
  - b) Public invitation of bids as detailed in clause 22;
  - c) Site meetings or briefing sessions as detailed in clause 22;
  - d) Handling of bids submitted in response to public invitation as detailed in clause 23;
  - e) Evaluation of bids as detailed in clause 28;
  - f) Award of contracts as detailed in clause 29;
  - g) Administration of contracts: After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
  - h) Proper record keeping: Original and legal copies of written agreements should be kept in a secure place for reference purposes.

**21 Bid documentation for competitive bids**

- 1) The criteria to which bid documentation for a competitive bidding process must comply, must –
  - a) take into account –
    - (i) the general conditions of contract and any special conditions of contract, if specified;
    - (ii) any Treasury guidelines on bid documentation; and

- (iii) the requirements of the Construction Industry Development Board (CIDB), in the case of a bid relating to construction, upgrading, refurbishment of buildings or infrastructure.
  - b) include the preference points system to be used as contemplated in the Preferential Procurement Regulations, 2011, evaluation and adjudication criteria, including any criteria required by other applicable legislation;
  - c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
  - d) if the value of the transaction is expected to exceed R10 million (Incl. VAT) –
    - (i) if the bidder is required by law to prepare annual financial statements for auditing, its audited annual financial statements –
      - (a) for the past three years; or
      - (b) since its establishment if established during the past three years;
    - (ii) certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a Municipality or other service provider in respect of which payment is overdue for more than 30 calendar days;
    - (iii) particulars of any contracts awarded to the bidder by the municipality during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
    - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
  - e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law;
- 2) A fee shall be raised for bid forms, plans, specifications, samples and any other bid documentation, depending on the nature, magnitude and value of technical information or samples provided by the municipality for tenders in excess of R200 000 (Incl. VAT).

## **22 Public invitation for competitive bids**

- 1) The procedure for the invitation of competitive bids is as follows:
  - a) Any invitation to prospective providers to submit bids must be by means of a public advertisement:
    - (i) in newspapers commonly circulating locally,
    - (ii) on the notice boards at selected offices of the Municipality,
    - (iii) on the website of the Municipality,
    - (iv) on the i-Tender website of the CIDB for construction procurement related transactions or
    - (v) any other appropriate ways (which may include an advertisement in the Government Tender Bulletin).
  - b) The information contained in a public advertisement, must include –
    - (i) the closure date for the submission of bids, which may not be less than 22 business days in the case of transactions over R10 million (Incl. VAT), or which are of a long term nature, or 10 business days in any other case, from the date on which the advertisement is placed in a newspaper, subject to sub-clause (2) of this policy;
    - (ii) a statement that bids may only be submitted on the bid documentation provided by the Municipality;
    - (iii) a statement that bids will only be considered if it was deposited into the bid box indicated in the bid invitation;
    - (iv) date, time and venue of any proposed site meetings or briefing sessions, provided that site meetings / information sessions may not be scheduled within 5 business days of the date on which a bid advertisement is placed; and

- (v) the required CIDB contractor category and grading designation for construction procurement.
- 2) The Accounting Officer may determine a closure date for the submission of bids which is less than the required 22 or 10 business days, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- 3) The notice shall further state that all bids for the contract must be submitted in a sealed envelope on which it is clearly stated that such envelope contains a bid and the contract title and contract or bid reference number for which the bid is being submitted.
- 4) The period for which bids are to remain valid and binding must be indicated in the bid.
- 5) Amendments before the closing date
  - a) The Municipality is entitled to amend any bid condition, validity period, specification or plan, or extend the closing date of such a bid or quotation before the closing date, provided that such amendments or extensions are advertised and/or that all bidders to whom bid documents have been issued, are advised in writing per e-mail or by fax of such amendments or of the extension clearly reflecting the new closing date and time. For this reason, officials and authorised service providers issuing bids shall keep a record of the names, addresses and contact numbers of the persons or enterprises to whom bid documents have been issued.

### **23 Procedure for handling, opening and recording of bids**

- 1) The procedures for the handling, opening and recording of bids, are as follows:
  - a) Bids–
    - (i) must be opened only in public;
    - (ii) must be opened on the same date and as soon as possible after the period for the submission of bids has expired; and
  - b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
  - c) No information, except the provisions in sub-clause (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
  - d) The Accounting Officer must –
    - (i) record in a register all bids received in time;
    - (ii) make the register available for public inspection; and
    - (iii) publish the entries in the register and the bid results on the website.
- 2) Stamping of bids and reading out of names:
  - a) As each bid is opened the name of the bidder and the amount – if practical – shall be read out.
  - b) An official shall date-stamp the bid or quotation and all enclosures related to prices, delivery periods and special conditions.
  - c) Bids and quotations shall be numbered in the sequence in which they have been opened and the words "and last" shall be endorsed on the last bid or quotation.
  - d) In instances where only one bid has been received the words "and only" shall be endorsed on such bid.
  - e) Where prices have not been inserted in all relevant spaces on the form and such items have not been deleted by bidders, such spaces shall be stamped "no price" by the employee who opens the bids or quotations.
- 3) Late Bids
  - a) Bids or quotations arriving after the specified closing time shall not be considered and where practicable and cost effective shall be returned to the bidder unopened with a letter explaining the circumstances.