

CATEGORY: 2 – Policy 2

Policy	Supply Chain Management Policy
Category	Local Government: Municipal Finance Management Act, 2003 (No.56 of 2003)
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PURPOSE

The Board of Directors resolved in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the following proposal as the Supply Chain Management Policy of the **Cape Town International Convention Centre Company SOC (RF)**.

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1. Definitions

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

“city” means the Municipality of the City of Cape Town or any person(s) or committee delegated in the authority to act on its behalf;

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

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

“days” unless specifically stated as ‘business days’, means calendar days; which is any day of the week, including weekends and public holidays;

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

“formal written price quotation” means quotations referred to in paragraph 12 (1) (c) of this Policy;

“in the service of the state” means to be –

- (a) a member of –
 - (i) any municipal council;
 - (ii) any provincial legislature; or
 - (iii) the National Assembly or the National Council of Provinces;
- (b) a member of the board of directors of any municipal entity;
- (c) an official of any municipality or municipal entity;
- (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
- (e) a member of the accounting authority of any national or provincial public entity; or
- (f) an employee of Parliament or a provincial legislature;

“long term contract” means a contract with a duration period exceeding one year;

“long term nature” means a transaction with a contract duration period exceeding the three years covered in the annual budget for that financial year;

“Petty Cash” means a relatively small amount of cash kept at hand for making immediate payments for miscellaneous small expenses;

“Petty Cash Float” means the total sum of Petty Cash which has been granted to a Petty Cash Officer;

“Petty Cash Officer” means an employee, made responsible for the day-to-day operating of the Petty Cash Float;

“Preferred Supplier” means a supplier appointed, as a sub-contractor, to render services directly to CTICC’s clientele; and for the opportunity granted in terms of their appoint as a Preferred Supplier must pay the CTICC an opportunity fee as contemplated in the applicable contract.

“Reconciliation” means the process of comparing information, for example cash spent, compared with the relevant documentation and receipts;

“list of accredited prospective providers” means the list of accredited prospective providers which the **CTICC** must keep in terms of paragraph 14 of this policy;

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

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

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

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

“the Regulations” means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

“written or verbal quotations” means quotations referred to in paragraph 12(1)(b) of this Policy;

“Senior Manager” means the Chief Executive Officer of the CTICC appointed in terms of section 93J of the Municipal Systems Act and as well as the General Managers of the CTICC reporting directly to the Chief Executive Officer.

2. Supply chain management policy

- (1) All officials and other role players in the supply chain management system of the **CTICC** must implement this Policy in a way that -
 - (a) gives effect to –
 - (i) section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
 - (b) is fair, equitable, transparent, competitive and cost effective;
 - (c) complies with –
 - (i) the MFMA SCM Regulations;
 - (ii) the Preferential Procurement Policy Framework Act, 2000 and its subsequent Regulations;
 - (iii) the B-BBEE Tourism Sector Code, in alignment with the PPPFA and its Regulations; and
 - (iv) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
 - (d) is consistent with other applicable legislation;
 - (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
 - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- (2) CTICC must, in addition to complying with subparagraph (1), apply this Policy, to the extent as determined by the City of Cape Town (parent municipality), in a way that is consistent with the supply chain management policy of the parent municipality.
- (3) **CTICC** may not act otherwise than in accordance with this Policy when–
 - (a) procures goods or services;
 - (b) disposes goods no longer needed; or

- (c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies.
- (4) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –
- (a) Water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
 - (b) Electricity from Eskom or another public entity, another municipality or a municipal entity.

3. Amendment of the supply chain management policy

- (1) The chief executive officer must –
- (a) at least annually review the implementation of this Policy; and
 - (b) when the chief executive officer considers it necessary, submit proposals for the amendment of this Policy to the **board of directors**.
- (2) If the chief executive officer submits proposed amendments to the **board of directors** that differs from the model policy issued by the National Treasury, the chief executive officer must –
- (a) ensure that such proposed amendments comply with the Regulations; and
 - (b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.
- (3) When amending this supply chain management policy, the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

4. Delegation of supply chain management powers and duties

- (1) Subject to paragraph 5 below, the **board of directors** hereby delegates all powers and duties to the chief executive officer which are necessary to enable the chief executive officer –
- (a) to discharge the supply chain management responsibilities conferred on chief executive officers in terms of –
 - (i) Chapter 8 or 10 of the Act; and
 - (ii) this Policy;
 - (b) to maximize 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; and
 - (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- (2) Sections 79 and 106 of the Act apply to the sub delegation of powers and duties delegated to a chief executive officer in terms of subparagraph (1).
- (3) The board of directors or chief executive officer may not sub delegate any supply chain management powers or duties to a person who is not an official of **CTICC** or to a committee which is not exclusively composed of officials of the **CTICC**;

- (4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.
- (5) This section must be read in line with the CTICC Authority Framework.

5. Sub-delegations

- (1) The chief executive officer may in terms of section 79 or 106 of the Act sub delegate any supply chain management powers and duties, including those delegated to the chief executive officer in terms of paragraph 4, but any such sub delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4.
- (2) The power to make a final award –
 - (a) above R10 million (VAT included) may not be sub delegated by the chief executive officer;
 - (b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub delegated but only to –
 - (i) the chief financial officer;
 - (ii) a senior manager; or
 - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
 - (c) not exceeding R2 million (VAT included) may be sub delegated but only to –
 - (i) the chief financial officer;
 - (ii) a senior manager;
 - (iii) a manager directly accountable to the chief financial officer or a senior manager; or
 - (iv) a bid adjudication committee.
- (3) Delegations in terms of subparagraph 2, subject to the Authorities Framework, will apply for the approval of any work packages issued against all panel appoints approved by the Bid Adjudication Committee or Chief Executive Officer. The approval of work packages and issuing of an official order will constitute a contract between the CTICC and service provider within the ambit of the panel appointment.
- (4) An official or bid adjudication committee to which the power to make final awards has been sub delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (5) a written report containing particulars of each final award made by such official or committee during that month, including–
 - (a) the amount of the award;
 - (b) the name of the person to whom the award was made; and
 - (c) the reason why the award was made to that person.
- (5) A written report referred to in subparagraph (4) must be submitted –
 - (a) to the chief executive officer, in the case of an award by –
 - (i) the chief financial officer;
 - (ii) a senior manager; or
 - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
 - (b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by –
 - (i) a manager referred to in subparagraph (2)(c)(iii); or

- (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.
- (6) Subparagraphs (4) and (5) of this policy do not apply to procurements out of petty cash.
- (7) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.
- (8) No supply chain management decision-making powers may be delegated to an advisor or consultant.
- (9) This section must be read in line with the CTICC Authority Framework.

6. Oversight role of the Board of Directors

- (1) The **board of directors** must maintain oversight over the implementation of this Policy.
- (2) For the purposes of such oversight the chief executive officer must –
 - (a)
 - (i) within 20 days of the end of each financial year, submit a report on the implementation of this Policy to the board of directors, who must then submit the report to the accounting officer of the parent municipality for submission to the council; and
 - (ii) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report **to the board of directors, who must then submit the report to the accounting officer of the parent municipality for submission to the council.**
- (3) The chief executive officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the **board of directors.**
- (4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

7. Supply chain management unit

- (1) A supply chain management unit is hereby established to implement this Policy.
- (2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

8. Training of supply chain management officials

The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training and the CTICC's Training and Skills Development Policy.

9. Format of supply chain management system

This Policy provides systems for –

- (a) Demand management;
- (b) Acquisition management;
- (c) Logistics management;
- (d) Disposal management;
- (e) Risk management; and
- (f) Performance management.

10. System of demand management

- (1) The chief executive officer must establish and implement an effective demand management system in order to ensure that resources required by the CTICC support its strategic goals and operational commitments, outlined in the 5 year Strategic Plan and annual budget.
- (2) The demand management system must –
 - (a) include timely planning and management processes to ensure that all goods and services required by **CTICC** are delivered at the correct time, at the right price and the right location, and that the quality and quantity is satisfactory;
 - (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature;
 - (c) provide for the compilation of the required specifications to ensure that its needs are met;
 - (d) undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized;
 - (e) take into consideration all requirements and processes outlined in the CTICC's Cost Containment Policy; and
 - (f) ensure that the annual Procurement Plan is submitted to and approved by the Chief Executive Officer, or their delegated authority, before 31 July of each year.

11. System of acquisition management

- (1) The chief executive officer must implement the system of acquisition management set out in this Part in order to ensure –
 - (a) that goods and services are procured by **CTICC** in accordance with authorised processes only;
 - (b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
 - (c) that the threshold values for the different procurement processes are complied with;
 - (d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
 - (e) that any Treasury guidelines on acquisition management are properly taken into account.
- (2) This policy, except where provided otherwise in it, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including-

- (a) water from the Department of Water Affairs or a public entity, another municipality or municipal entity; and
 - (b) electricity from Eskom or another public entity, another municipality or municipal entity.
- (3) When procuring goods or services contemplated in section 110(2) of the Act, the chief executive officer must make public the fact that such goods or services are procured otherwise than through the **CTICC** supply chain management system, including -
- (a) the kind of goods or services; and
 - (b) the name of the supplier.

12. Range of procurement processes

- (1) Goods and services may only be procured by way of -
- (a) Petty cash up to a transaction value of R2 000 (VAT included);
 - (b) written quotations for procurements of a transaction value over R2 000 up to R10 000 (VAT included);
 - (c) formal written price quotations for procurements of a transaction value over R10 000 up to R200 000 (VAT included); and
 - (d) A competitive bidding process for-
 - (i) Procurements above a transaction value of R200 000 (VAT included); and
 - (ii) The procurement of long term contracts.
- (2) Irrespective of the procurement process followed, the CTICC reserves its rights not to make an award, revoke an award already made or cancel a contract where the implementation of the contract may result in reputational risk or harm to the CTICC as a result of (inter alia):
- (a) reports of poor governance and/or unethical behaviour;
 - (b) association with known family of notorious individuals;
 - (c) poor performance issues, known to the CTICC;
 - (d) negative social media reports; and
 - (e) adverse assurance (e.g. due diligence) report outcomes.
- Where any of the above risks are identified, the CTICC will provide the supplier with an opportunity to submit representation.
- (3) The chief executive officer may, in writing-
- (a) lower, but not increase, the different threshold values specified in subparagraph (1); or
 - (b) direct that -
 - (i) written quotations be obtained for any specific procurement of a transaction value lower than R2 000;
 - (ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000; or
 - (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.
- (4) 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.

- (5) Compliance with all legislative requirements and order procedures not related to the SCM system such as project selection, feasibility, justification and approval processes, planning approvals and budget approvals must be adhered to by the relevant department requiring the goods or services.

13. General preconditions for consideration of written quotations or bids

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 **CTICC** to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; 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 shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
 - (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

14. Lists of accredited prospective providers

- (1) The chief executive 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;
 - (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;
 - (c) specify the listing criteria for accredited prospective providers; and
 - (d) 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.
 - (e) ensure that CTICC uses the Central Supplier Database (CSD) supplier number starting with (MAAA) which is auto generated by the CSD after successful registration and validation of prospective providers of goods and services. The CTICC may proceed with the procurement of goods and services in the event of a provider of goods and services being unable to register on the CSD but still conforms to the registration and listing criteria as listed within CTICC's SCM Policy.
- (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.

- (4) The payment of invoices to suppliers within a period of less than 30 days is not a right in terms of this policy. A supplier may submit a fully motivated application in this regard to the relevant Senior Manager or their delegated authority for consideration. Requests for more frequent payments will be considered at the sole discretion of the delegated authority.

15. Petty cash purchases

(1) General

- (a) The use of a petty cash float (**a float may not exceed R5 000-00**) is strictly confined to **individual cash purchases of up to a maximum of R500-00**. The Chief Financial Officer may approve petty cash purchases up to R2000.
- (b) The petty cash float is only to be used for non-recurring expenditure of an ad-hoc nature with a maximum of 10 sub-advances per Department per month; except in instances with the explicit pre-approval of the Chief Financial Officer.
- (c) The petty cash float is not to be used for any of the following:
- (i) the cashing of cheques;
 - (ii) loans to any person whatsoever;
 - (iii) payment of personal remuneration to any person whatsoever, whether for fees, salaries, wages, travel allowance as part of remuneration, honorarium or other reason, unless authorized by the Chief Financial Officer;
 - (iv) for instalment invoices such as rental of equipment or open orders, even if the amount falls within the specified limit; and
 - (v) For transactions with suppliers who are registered on the CTICC's supplier database (subject to approval by the Chief Financial Officer.
- (d) The petty cash float will be kept by a Petty Cash Office residing within the finance department.
- (e) The cash on hand and used petty cash vouchers are to be kept in a secure location and may only be accessed by the Petty Cash Officer and their immediate superiors.
- (f) If the responsible Petty Cash Officer is either going on leave or is leaving the CTICC's employment, the Petty Cash Officer must perform a reconciliation of the float, before possession of Petty Cash, can be handed over.
- (g) Any increase to the existing float must be made to and approved by the Chief Financial Officer.

(2) Cash Purchase Claim Form

- (a) Petty cash stationery is available from the Finance Department.
- (b) All details entered on the Cash Purchase Claim must appear on the Cash Purchase record page.
- (c) The Cash Purchase Claim must be completed as follows:
- (i) description and cost of the goods/services purchased
 - (ii) purchaser's name in print and signature
 - (iii) correct budgetary information and GL code to be charged
 - (iv) signature of the relevant Manager responsible for the budget
- (d) Original receipts and other valid documentation as required must be attached as proof of payment with the signature of an appropriate financial delegate on this documentation. The receipt and invoice must be in a formal business format. When a vendor's printed invoice is used as a receipt, the invoice must clearly indicate that it has been paid.

- (e) A financial delegate cannot authorise a cash purchase claim where he or she is the purchaser.

(3) Reimbursement of Petty Cash Floats

- (a) A petty cash float is operated on the basis that expenditure from the float is periodically reimbursed. Such reimbursement requires-
 - (i) returning the cash level of the petty cash float to its original level, and;
 - and
 - (ii) charging the expenditure which has been made to the correct expenditure vote.
- (b) Accordingly, **at any point of time**, the sum of the cash on hand, i.e. remaining unspent, plus the cash advances for un-finalised purchases, plus the completed cash purchase claim forms, updated on the Summary Cash Purchase Claim form, shall equal the level of the petty cash advanced.
- (c) Completed Cash Purchase Claim forms, with attached cash register slips, etc., must be submitted to the Finance Department for reimbursement after the Summary Claim Cover Page and attached documentation have been authorised by a financial delegate.
- (d) Reimbursement of claims where supporting documentation as prescribed in this policy is absent / missing, must be declined.
- (e) The prescribed Summary Cash Purchase Claim Form as well as other relevant forms attached to it must be completed in full.
- (f) The most recently completed Cash Purchase Claim Form must record the reconciliation of the petty cash float. The Accountant: Creditors will decline reimbursement of claims where this is not supplied.
- (g) A petty cash float must never be reimbursed with funds derived from any other source whatsoever

(4) Shortages and losses

- (a) The Petty Cash Officer will be held accountable for any shortages and / or losses unless there is physical evidence of breaking in and no act or omission on the part of the relevant official contributed to the loss.
- (b) Any shortages in respect of a petty cash float must be reimbursed immediately by the responsible petty cash officer.
- (c) Where a petty cash float is stolen the incident must be promptly reported to the Chief Financial Officer in the required format and a case be logged at the South African Police Services.

(5) Internal Controls

- (a) Random surprise Petty Cash counts / audits must be conducted by the relevant Manager / Senior Manager throughout the financial year.
- (b) Monthly Petty Cash reconciliation reports are to be done and the reports must include the total amount of petty cash purchases for that month and receipts and appropriate documents for each purchase.

- (c) Petty Cash reconciliations to the General Ledger must be reconciled and replenished before 30 June of every year (financial year-end).
- (6) The conditions for the procurement of goods or services through petty cash for amounts between R500-00 and R2 000-00 are as follows:
- (a) A quotation must be obtained from, but not limited to, a provider whose name appears on the list of accredited prospective providers of the CTICC, provided that if the quotation is obtained from a provider who is not listed, such provider must meet the listing criteria set out in paragraph 14(1)(c) and (d) of this Policy;
 - (b) to the extent feasible, providers must be requested to submit such quotations in writing;
 - (c) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider. At least one quotation must be received.

16. Written quotations

The conditions for the procurement of goods or services through written quotations 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 **CTICC**, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(c) and (d) of this Policy;
- (b) providers must be requested to submit such quotations in writing;
- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the chief executive officer or another official designated by the chief executive officer; and
- (d) the chief executive officer must record the names of the potential providers requested to provide such quotations with their quoted prices

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 **CTICC**.
 - (b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1)(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 chief executive officer must record the names of the potential providers and their written quotations.
- (2) A designated official referred to in subparagraph (1) (c) must within three 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 subparagraph.

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

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 chief executive officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
- (b) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and an official notice board of the **CTICC**;
- (c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;
- (d) the chief executive 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) offers below R30 000 (VAT included) must be awarded to the lowest priced offer which complies to specifications of the goods or service required and has the ability and capability to deliver the goods and services;
- (f) *Proper records shall be kept.*

19. Competitive bids

- (1) Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.
- (2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), 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

The procedures for the following stages of a competitive bidding process are as follows:

- (a) Compilation of bidding documentation as detailed in paragraph 21;
- (b) Public invitation of bids as detailed in paragraph 22;
- (c) Site meetings or briefing sessions (if applicable) as detailed in paragraph 22;
- (d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;
- (e) Evaluation of bids as detailed in paragraph 28;
- (f) Award of contracts as detailed in paragraph 29;
- (g) Administration of contracts
- (h) Proper record keeping

21. Bid documentation for competitive bids

- (1) The bid documentation for a competitive bidding process must, in addition to the requirements of paragraph 13 –
 - (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;
 - (iii) the requirements of the CTICC's Cost Containment Policy, in the case of bids related to consulting services, office furniture and travel and subsistence; and
 - (iv) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- (b) include the preference points system to be used, goals as contemplated in the Preferential Procurement Regulations of 2017 and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–
- (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
 - (aa) for the past three years; or
 - (bb) since their establishment if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (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 CTICC is expected to be transferred out of the Republic;
- (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) The Board holds the right to charge a fee for its bidding documents and may from time to time alter the fee charged.
- (3) The period for which bids are to remain valid, irrevocable and open for acceptance must be indicated in the bid documents. Bids shall remain valid for acceptance for a period of six (6) months after the expiry of the original validity period, unless the CTICC is notified in writing of anything to the contrary by the bidder.

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 in newspapers commonly circulating locally, the website of the **CTICC** or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
 - (b) the information contained in a public advertisement, must include –

- (i) the closure date for the submission of bids, which may not be less than 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 subparagraph (2) of this policy;
 - a) The provisions of this clause will not apply to contracts where the CTICC intends to appoint a Preferred Supplier, where majority of the revenue generated by the contractor is associated with services or goods rendered to CTICC's clientele.
 - (ii) a statement that bids may only be submitted on the bid documentation provided by the **CTICC**; and
 - (iii) date time and venue of any proposed site meetings or briefing sessions.
- (2) The chief executive officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
 - (3) Bids submitted must be sealed.
 - (4) Where bids are requested in electronic format, such bids may be supplemented by sealed hard copies.

23. Procedure for Electronic Bid Submission

- (1) Where the bidder is required, or has the option, to submit a bid through CTICC's online procurement system, such a requirement will be clearly stated in the tender document and invitation. Where only electronic bid submissions are requested, then only submissions received through the CTICC's online procurement system will be considered as valid submissions.
- (2) The bidder will be required to register a user profile on the online procurement system. The submission procedures set out in the online procurement system and tender document shall apply, and it is solely the bidder's responsibility to ensure that its bid is received by the online procurement system before the closing date and time of the bid.
- (3) Bids received after the closing time will not be considered.
- (4) Adjustments by telephone, facsimile, electronic transmission or letter to a bid already submitted will not be considered. A bidder desiring to make adjustments to a bid may do so through the CTICC's online procurement system.
- (5) The online procurement system places all bid submissions into a virtual lock box where they cannot be viewed by the CTICC until after the closing date and time.
- (6) A register of the bidders who submitted bids in time, as well as their respective total bidding prices and B-BBEE status claims, shall be posted on the CTICC's website.
- (7) Where both physical and electronic submissions are allowed, the electronic register referred to in point 23(6) shall form part of the public bid opening and be read out along with all the physical submissions received.

24. Procedure for handling, opening and recording of bids

The procedures for the handling, opening and recording of bids, are as follows:

- (a) Bids–
 - (i) must be opened only in public, for all bids where physical bid submission is required;
 - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
 - (iii) received after the closing time should not be considered and, where feasible, be returned unopened.
- (b) For all bids where physical bid submission is required, any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time be read out and, if practical, also each bidder's total bidding price and B-BBEE status claimed;
- (c) No information, except the provisions in subparagraph (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 chief executive 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 CTICC website.

25. Negotiations with preferred bidders

- (1) The chief executive officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
 - (a) does not allow any preferred bidder a second or unfair opportunity;
 - (b) is not to the detriment of any other bidder; and
 - (c) does not lead to a higher price than the bid as submitted.
- (2) Minutes of such negotiations must be kept for record purposes.

26. Two-stage bidding process

- (1) A two-stage bidding process is allowed for –
 - (a) large complex projects;
 - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
 - (c) long term projects with a duration period exceeding three years.
- (2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- (3) In the second stage final technical proposals and priced bids should be invited.

27. Committee system for competitive bids

- (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the chief executive officer may determine:

- (a) a bid specification committee;
 - (b) a bid evaluation committee; and
 - (c) a bid adjudication committee;
- (2) The chief executive officer appoints the members of each committee, taking into account section 117 of the Act; and
- (3) A neutral or independent observer, appointed by the chief executive officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with –
- (a) paragraph 27, 28 and 29 of this Policy; and
 - (b) any other applicable legislation.
- (5) The chief executive officer may apply the committee system to formal written price quotations.

28. Bid specification committees

- (1) A bid specification committee must compile the specifications for each procurement of goods or services by the **CTICC**.
- (2) Specifications –
- (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
 - (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
 - (c) where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
 - (d) where feasible, include requirements in line with the CTICC's ISO standards/certification and sustainability objectives.
 - (e) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;
 - (f) may 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 word "equivalent";
 - (g) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2017; and
 - (h) must be approved by the chief executive officer or delegated official prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.
- (3) Site inspections/clarification meetings in respect of bids exceeding R200 000 will, in general, not be compulsory. Where site inspections/clarification meetings are made compulsory, the date for the site inspection/clarification meeting shall be at least 7 (seven) days after the bid has been advertised.
- (4) Provision for monetary allowances (i.e. Provisional Sums) shall as far as possible be avoided. Where these are unavoidable, the total value of such allowances shall not

exceed 20% of the total estimated value of the tender unless otherwise approved by the relevant Senior Manager.

- (5) A bid specification committee must be composed of one or more officials of the **CTICC** preferably the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.
- (6) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

29. Bid evaluation committees

- (1) A bid evaluation committee must –
 - (a) evaluate bids in accordance with –
 - (i) the specifications for a specific procurement; and
 - (ii) the points system set out in terms of paragraph 27(2)(g).
 - (b) evaluate each bidder's ability to execute the contract;
 - (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;
 - (d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.
- (2) A bid evaluation committee must as far as possible be composed of –
 - (a) officials from departments requiring the goods or services; and
 - (b) at least one supply chain management practitioner of the **CTICC**.
- (3) In the event that a contract is not concluded after an award has been made by the Bid Adjudication Committee, the Bid Evaluation Committee may reconsider all remaining bids received and may submit further reports to the Bid Adjudication Committee for consideration.
- (4) In the event that a contract is terminated during the execution thereof, and the remaining bids associated with initial procurement process are still considered open for acceptance in terms of paragraph 21(3) of this policy, the Bid Evaluation Committee may submit a report to the Bid Adjudication Committee recommending the award, or non-award, of the contract to the alternative bidder. Should any revised terms, rates or conditions be negotiated, a report detailing these must be submitted to the Bid Adjudication Committee.

30. Bid adjudication committees

- (1) A bid adjudication committee must –
 - (a) consider the report and recommendations of the bid evaluation committee; and
 - (b) either –
 - (i) depending on its delegations, make a final award or a recommendation to the chief executive officer to make the final award; or
 - (ii) make another recommendation to the chief executive officer how to proceed with the relevant procurement.
- (2) A bid adjudication committee must consist of at least four senior managers of the **CTICC** which must include –

- (a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
 - (b) at least one senior supply chain management practitioner who is an official of the **CTICC**; and
 - (c) a technical expert in the relevant field who is an official, if such an expert exists.
- (3) The chief executive officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- (4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.
- (5) (a) 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 –
- (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
 - (ii) notify the chief executive officer.
- (b) The chief executive officer may –
- (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
 - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (6) The chief executive officer 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.
- (7) The chief executive officer must comply with section 114 of the Act within 10 working days.

31. Procurement of banking services

- (1) A contract for banking services –
- (a) must be procured through competitive bids;
 - (b) must be consistent with section 7 or 85 of the Act; and
 - (c) may not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- (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 paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

32. Procurement of IT related goods or services

- (1) The chief executive officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (3) The chief executive officer must notify SITA together with a motivation of the IT needs if –
 - (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
 - (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- (4) If the State Information Technology Agency (SITA) comments on the submission and **CTICC** disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the board of directors, the National Treasury, the relevant provincial treasury and the Auditor General.

33. Procurement of goods and services under contracts secured by other organs of state

- (1) The chief executive officer may procure goods or services under a contract secured by another organ of state, but only if –
 - (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
 - (b) there is no reason to believe that such contract was not validly procured;
 - (c) there are demonstrable discounts or benefits to do so; and
 - (d) that other organ of state and the provider have consented to such procurement in writing.
- (2) Subparagraphs (1)(c) and (d) do not apply if –
 - (a) CTICC procures goods or services through a contract secured by City of Cape Town (parent municipality); or
 - (b) City of Cape Town municipality procures goods or services through a contract secured by CTICC.
- (3) Commodities, services and products covered by a transversal contract by the National Treasury must be considered before approaching the market, to benefit from savings and lower prices or rates that have been negotiated.

34. Procurement of goods necessitating special safety arrangements

- (1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.
- (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 chief executive officer.

35. Proudly SA Campaign and Preference in terms of the B-BBEE Sector Codes

- (1) **The CTICC** supports the Proudly SA Campaign to the extent that, as far as possible, preference is given to procuring local goods and services.
- (2) (a) Where the CTICC applies prequalification criteria in terms of section 4 of the PPPFA Regulations, tenders may be advertised with a specific tender condition that only one or more of the following tenderers may respond, as governed by the B-BBEE Tourism Sector Codes:
 - (i) A tenderer being 30% Black Woman Owned;
 - (ii) A tenderer being an EME or QSE who is 51% Black Owned;
 - (iii) A tenderer being 51% Black Owned professional service providers and entrepreneurs;
 - (iv) A tenderer subcontracting a minimum of 30% to-
an EME or QSE which is at least 51% owned by black people;
an EME or QSE which is at least 51% owned by black people who are women;
- (b) When the CTICC applies any of the above prequalification criteria to a tender, the following will be noted:
 - (i) EME = an enterprise with a total annual revenue of R 5 million or less;
 - (ii) QSE = an enterprise with a total annual revenue of between R 5 million to R 45 million.
- (c) Where any discrepancies arise between the above and the PPPFA Regulations, the above (as per the B-BBEE Tourism Sector Codes) will prevail.

36. Appointment of consultants

In the procurement of consulting services cognisance should be taken of any National Treasury guidelines for consulting services and the CTICC's Cost Containment Policy when such procurements are made.

Procurement Process (over R200 000):

- 1.1 Where the estimated value of the fees exceeds R200 000(VAT inclusive), or where the duration of the appointment will exceed one year, consulting services shall be procured through a competitive bidding process.
- 1.2 The practice of breaking out (parceling) consultant appointments in order to circumvent the competitive bidding process is not permitted.

Procurement process (up to R200 000):

- 2.1 Where the estimated value of the fees is less than or equal to R200 00(VAT inclusive), the duration of the appointment is less than one year, the selection of a consultant to provide the required service shall follow a written price quotation or a formal written price quotation as described in this Policy.
- 2.2 A price/preference points system, as described in the preferential procurement section of this Policy, must be applied to such quotations when the value is above R30,000 (Incl. VAT).
- 2.3 Where it is in the interest of the CTICC to follow an advertised process, a formal competitive bidding process in accordance with the requirements of this policy may be followed.

Single-source Selection

- 3.1 National Treasury Guidelines provide for single-source selection in exceptional cases. The justification for single-source selection must be examined in the context of the overall interest of the CTICC and the project.
- 3.2 Single-source selection may be appropriate only if it presents a clear advantage over competitive bidding process:
 - 3.2.1 For service that represents a natural continuation of previous work carried out by the consultant, and continuity of downstream work is considered essential.
 - 3.2.2 Where rapid selection is essential
 - 3.2.3 For very small appointments not exceeding R50 000 (incl. VAT)
 - 3.2.4 When only one consultant is qualified or has experience of exceptional worth for the project.
- 3.3 The reasons for single-source selection must be motivated in a report and approved by Chief Executive Officer prior to conclusion of a contract.
- 4 In addition to requirements prescribed by this Policy for competitive bids, bidders must furnish the CTICC with particulars of:
 - 4.1 all consultancy services provided to an organ of state in the last five years; and
 - 4.2 any similar consultancy services provided to an organ of state in the last five years.
- 5 The chief executive officer must ensure that:
 - 5.1 prior to the execution of any acquisition management process outlined in this policy, the necessary assessment of needs and requirements has been conducted to support the use of consultants;
 - 5.2 cognisance is taken of the CTICC's consultancy reduction plan;
 - 5.3 bidding documentation contains the necessary contractual conditions, Service Level Agreement and penalty clauses required by the CTICC's Cost Containment Policy; and
 - 5.4 copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the **CTICC**.

37. Deviation from, and ratification of minor breaches of, procurement processes

- (1) The chief executive officer may –
 - (a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
 - (i) in an emergency; defined as cases where immediate action is necessary in order to avoid a hazardous or risky situation, misery or situation that may cause CTICC operations to be severely disrupted and early delivery is of critical importance.
 - (ii) if such goods or services are produced or available from a single provider only;
 - (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (iv) acquisition of animals for zoos; or

- (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes;
 - (vi) commission to be paid to Professional Conference Organizer (PCO) for events secured and hosted at the CTICC;
 - (vii) In respect of any contract relating to the publication of official and legal notices and advertisements in the press by or on behalf of the CTICC; and
 - (viii) In respect of any contract relating to the provision of legal services.
- (b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of written delegated powers or duties which are purely of a technical nature. The chief executive may only ratify a breach of process, and not the irregular expenditure itself.
- (2) The chief executive officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the board of directors and include as a note to the annual financial statements.
- (3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

38. Unsolicited bids

- (1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- (2) The chief executive officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –
- (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
 - (c) the person who made the bid is the sole provider of the product or service; and
 - (d) the reasons for not going through the normal bidding processes are found to be sound by the chief executive officer.
- (3) If the chief executive officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –
- (a) reasons as to why the bid should not be open to other competitors;
 - (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
 - (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (4) The chief executive officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.
- (5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the chief executive officer, depending on its delegations.

- (6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- (7) When considering the matter, the adjudication committee must take into account –
 - (a) any comments submitted by the public; and
 - (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- (8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the chief executive officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- (9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the **CTICC** to the bid may be entered into or signed within 30 days of the submission.

39. Combating of abuse of supply chain management system

- (1) The chief executive officer must–
 - (a) take all reasonable steps to prevent abuse of the supply chain management system;
 - (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
 - (i) take appropriate steps against such official or other role player; or
 - (ii) report any alleged criminal conduct to the South African Police Service;
 - (c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
 - (d) reject any bid from a bidder–
 - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the **CTICC**, or to any other municipality or municipal entity, are in arrears for more than three months; or
 - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the **CTICC** or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
 - (e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
 - (f) cancel a contract awarded to a person if –
 - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
 - (g) reject the bid of any bidder if that bidder or any of its directors –
 - (i) has abused the supply chain management system of the **CTICC** or has committed any improper conduct in relation to such system;
 - (ii) has been convicted for fraud or corruption during the past five years;

- (iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - (iv) has been listed in the Register for Tender Defaulters and Database of Restricted Suppliers in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
- (2) The chief executive officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.
- (3) This process provided above should be read in line with the CTICC Combating Abuse of Supply Chain Management System Policy.

40. Logistics management

The chief executive officer must establish and implement an effective system of logistics management, which must include -

- (a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- (b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- (d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- (e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- (f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- (g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

41. Disposal management

- (1) The Chief Executive officer must provide for an effective system for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act.
- (2) Assets may be disposed of by –
 - (a) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
 - (b) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
 - (c) selling the asset; or
 - (d) destroying the asset.
- (3) The chief executive officer must ensure that –
 - (a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;

- (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- (c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
- (d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
- (e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- (f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- (g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

42. Risk Management

- (1) Risk Management shall provide for an effective system for the identification, consideration and avoidance of potential risks in the CTICC's supply chain management system.
- (2) Managing risk must be part of the CTICC's philosophy, practices and business plans and should not be viewed or practiced as a separate activity in isolation from line managers.
- (3) Risk Management shall be an integral part of effective management practice.
- (4) The risk management process –
 - (a) The risk management process shall be applied to all stages of supply chain management, be it the conceptual stage, project definition, specification preparation, acquisition approval or implementation to completion.
 - (b) Risk management is an integral part of good management of acquisition activities and cannot be effectively performed in isolation from other aspects of acquisition management.
 - (c) Appropriate risk management conditions should therefore be incorporated in contracts.
- (5) The key principles on managing risk in supply chain management include –
 - (a) early and systematic identification of risk on a case-by-case basis, analysis and assessment of risks, including conflicts of interest and the development of plans for handling them;
 - (b) allocating and acceptance of responsibility to the party best placed to manage risk;
 - (c) management of risks in a pro-active manner and the provision of adequate cover for residual risks;
 - (d) assignment of relative risks to the contracting parties through clear and unambiguous contract documentation;
 - (e) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it; and
 - (f) ensuring that the costs incurred in managing risks are commensurate with the importance of the purchase and the risks to the CTICC's operations.
- (6) Guidelines
 - (a) The CTICC shall demonstrate that in its supply chain management –

- (i) there exists a systematic approach to identifying risks including potential conflicts of interest, analysing their possible likelihood, impacts and consequences and managing those risks as the project proceeds through the phases of pre-bid, post-bid and contract management;
 - (ii) the integrity and correctness of the process of risk identification, analysis, assessment and treatment is such that the relevant CTICC Department can demonstrate the scope of the risk analysis is appropriate for the stated objectives;
 - (iii) all pertinent matters and assumptions have been tested adequately and that appropriate risk treatment techniques have been implemented;
 - (iv) the causes of risk are clearly identified;
 - (v) the means of treating the identified risks are apparent;
 - (vi) the party who accepts the risks also accepts responsibility for management of those risks, except where informed, and objective decisions are taken to share risks;
- (b) alternatives have been evaluated; and
 - (c) appropriate conditions are to be incorporated in contracts to avoid or minimise risk including warranties and penalties where appropriate.
- (7) Steps in the risk management –
There are six steps in the risk management process, namely –
- (a) establish a framework;
 - (b) risk identification;
 - (c) risk analysis;
 - (d) risk assessment;
 - (e) risk treatment; and
 - (f) implementation, monitoring and review.

43. Performance management

- (1) The chief executive officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.
- (2) This process provided above should be read in line with the CTICC Performance Information Measurement Policy.

44. Contract management

- (1) In order to effectively manage such risk in terms of paragraph 41, the Chief Executive Officer may renew or extend the contracts of any service provider or supplier, subject to the following –
 - (a) failure to extend or renew such contract would have a material adverse effect on the CTICC's operations;
 - (b) any renewal or extension shall be transitional/interim and endure for no longer than for a period of 50% of the original duration of the contract; and
 - (c) shall terminate upon the appointment of service provider and/or supplier.
- (2) Subparagraph 1 only applies subject to the provisions of Section 116 of the MFMA (Act 57 of 2003) and National Treasury MFMA Circular No.62.
- (3) There are three levels of contract management:

- (a) The first operational level is for standard contracts for goods and services. Day to day contract administration should become no more than monitoring, record keeping and price adjustment authorization role.
 - (b) The second or intermediate level is for more complex contracts for services. An example would be a contract to outsource cleaning services. This type of contract will require a more active role for the line manager responsible for the contract in developing the relationship between the CTICC and the contractor.
 - (c) The third level is for strategic contractors involving complex partnership and outsourcing arrangements. These contracts need more active management for the business relationships between the supplier and the users, for example to manage outputs and not the process. Sufficient resources need to be dictated by all parties to successfully manage these contractor relationship and where flexible, to achieve partnership. A partnership is the result of mutual commitment to a continuing co-operative relationship, rather than parties working on a competitive and adversarial basis.
- (4) This process provided above should be read in line with Section 116 of the MFMA.
 - (5) Goods and services rendered by a contractor after the expiry of the contract will only be allowed in instances where a confirmed commitment/obligation to render the necessary goods and/or services was raised prior to the expiry of the contract. For all contracts, excluding those with Preferred Suppliers, delivery of the goods or rendering of the services must take place within 30 days of contract expiring.

45. Prohibition on awards to persons whose tax matters are not in order

- (1) No award above R30 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- (2) Before making an award to a person the chief executive officer must first check with SARS whether that person's tax matters are in order.
- (3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

46. Prohibition on awards to persons in the service of the state

Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –

- (a) who is in the service of the state;
- (b) 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
- (c) a person who is an advisor or consultant contracted with the **CTICC**.

47. Awards to close family members of persons in the service of the state

The chief executive officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000 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, including –

- (a) the name of that person;
- (b) the capacity in which that person is in the service of the state; and
- (c) the amount of the award.

48. Ethical standards

- (1) A code of ethical standards as set out in the **“National Treasury’s code of conduct for supply chain management practitioners and other role players involved in supply chain management”** is hereby established for officials and other role players in the supply chain management system of the **CTICC** in order 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.
- (2) A breach of the code of ethics must be dealt with as follows -
 - (a) in the case of an employee, in terms of the disciplinary procedures of the **CTICC** envisaged in section 67(1)(h) of the Municipal Systems Act;
 - (b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
 - (c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.
- (3) This section should be read in line with the CTICC Code of Conduct Policy.

49. Inducements, rewards, gifts and favours to CTICC, officials and other role players

- (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –
 - (a) any inducement or reward to the **CTICC** for or in connection with the award of a contract; or
 - (b) any reward, gift, favour or hospitality to –
 - (i) any official of the CTICC; or
 - (ii) any other role player involved in the implementation of this Policy.
- (2) The chief executive officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury’s database of persons prohibited from doing business with the public sector.
- (3) Subparagraph (1) does not apply to gifts less than R350 in value.
- (4) This process provided above should be read in line with and the CTICC’s Procedure for the Acceptance of Gifts.

50. Sponsorships

The chief executive officer 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 –

- (a) a provider or prospective provider of goods or services; or
- (b) a recipient or prospective recipient of goods disposed or to be disposed.

51. Objections and complaints

Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

52. Resolution of disputes, objections, complaints and queries

- (1) The chief executive officer must appoint an independent and impartial person, not directly involved in the supply chain management processes –
 - (a) to assist in the resolution of disputes between the **CTICC** and other persons regarding
 - (i) any decisions or actions taken in the implementation of the supply chain management system; or
 - (ii) any matter arising from a contract awarded in the course of the supply chain management system; or
 - (b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- (2) The chief executive officer, or another official designated by the chief executive officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- (3) The person appointed must –
 - (a) strive to resolve promptly all disputes, objections, complaints or queries received; and
 - (b) submit monthly reports to the chief executive officer on all disputes, objections, complaints or queries received, attended to or resolved.
- (4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if –
 - (a) the dispute, objection, complaint or query is not resolved within 60 days; or
 - (b) no response is forthcoming within 60 days.
- (5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.
- (6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

53. Contracts providing for compensation based on turnover

If a service provider acts on behalf of a **CTICC** to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the **CTICC** must stipulate –

- (a) a cap on the compensation payable to the service provider; and
- (b) that such compensation must be performance based.

54. APPROVAL

This policy was approved by the CTICC Board of Directors on 17 March 2021.



Chairman

17 March 2021

Date