JOHANNESBURG **SOCIAL MOUSIN.G** COMPANY

SUPPLY CHAIN MANAGEMENT POLICY

Adopted in terms of section 111 of the Municipal Finance Management Act, No 56 of 2003

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1. CHAPTER 1

ABBREVIATIONS, DEFINATIONS AND TERMINOLOGIES

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 –

1.1 **"The Act"** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

1.2 **"Bids for income -generating contracts"** means a written offer in the form determined by JOSHCO in response to an invitation for the origination of income-generating contracts through any method envisaged in legislation that will result in a legal agreement between the JOSHCO and a third party that produces revenue for JOSHCO, and includes, but is not limited to, leasing and disposal of assets and concession contracts, excluding direct sales and disposal of assets through public auctions;

1.3 **"The Board of Directors"** means the Board of Directors of JOSHCO, appointed in terms of the City's policy on the appointment, resignations and rotations of the non-executive directors on its municipal entities;

1.4 **"CIDB Act"** means the Construction Industry Development Board Act, 2000 (Act No 38 of 2000);

1.5 **"The Chief Executive Officer"** means the official appointed in terms of Section 93J of the Municipal System Act is the Accounting Officer of JOSHCO.

1.6 **"The Chief Financial Officer"** means the official appointed by the Board of Directors as a Chief Financial Officer and shall perform such duties as narrated in section 81 of the MFMA.

1.7 **"The Chief Operations Officer"** means the official appointed by the Board of Directors & Chief Executive Officer as a Chief Operations Officer and shall perform such duties as narrated in the delegation of authority and board charter.

1.8 **"The City"** means the City of Johannesburg, JOSHCO's the parent municipality established in terms of the Municipal Structures Act 117 of 1998;

1.9 **"The City Manager"** shall mean the official appointed in terms of section 82 of the Municipal Structures Act or an official referred to in Section 60 of the MFMA.

1.10 **"Competitive bidding process"** means a process whereby prospective service providers are invited through public media to submit bids and such bids are administered in a fair, transparent, competitive and cost-effective manner;

1.11 **"Code of Conduct"** means the code of conduct attached to this Policy as Annexure A;

1.12 **"Competitive bid"** means a bid in terms of a competitive bidding process contemplated;

1.13 **"construction works"** means the provision of a combination of goods and services arranged for the development, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling or demolition of a fixed asset including building and engineering infrastructure;

1.14 "**EMEs**" means an exempted micro enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad Based Black Empowerment Act (Act no 53 of 2003);

1.15 **"Emergency"** means an unforeseeable and/or sudden event, with materially harmful or potential harmful consequences for JOSHCO that requires immediate action;

1.16 **"Final award"** in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;

1.17 **"FIDPM"** means the Local Government Framework for Infrastructure Delivery and Procurement Management issued in terms of MFMA Circular 106 to set out minimum requirements for the implementation of infrastructure delivery and procurement management

1.18 **"Framework Agreement**" means an agreement between an organ of state and one or more contractors, the purpose of which is to establish the terms governing orders to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged;

1.19 **"Gate"** means a control point at the end of a process where a decision is required

before proceeding to the next process or activity;

1.20 **"Gateway Review**" means an independent review of the available information at a gate upon which a decision to proceed or not to the next process is based;

1.21 **"Heads of Department"** means any executive manager or senior manager who reports directly to the Chief Executive Officer or in the second reporting level;

1.22 **"Infrastructure Delivery"** means the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure;

1.23 **"Infrastructure Procurement" m**eans the procurement of goods or services including any combination thereof associated with the acquisition, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure;

1.24 **"In the service of the state"** means: -

(a) an official of any municipality or municipal entity who has a contract of employment with the municipality or municipal entity and is employed on a permanent, temporary or short-term basis;

(b) an official or public servant of any national or provincial government as defined in terms of Public Services Act;

(c) a person who –

is a councilor of any municipal council as defined in the Local Government Municipal Structures Act (Act No 117 of 1998);

is a politician serving in any provincial legislature; or

is a politician serving in the National Assembly or the National Council of Provinces;

(d) a member of the board of directors of the City of Johannesburg entities;

(e) an official and a member of a government owned entity as defined in the Public Finance Management Act, (Act No 1 of 1999); and such meaning ascribed to it by National Legislation from time to time;

(f) 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

(g) who is an advisor or consultant contracted with the municipality or municipal entity;

1.25 **"JOSHCO"** means Johannesburg Social Housing Company SOC Ltd bearing Registration Number 2003/008/063/07 incorporated in accordance with the company laws of the Republic of South Africa and being a municipal entity of the City of Johannesburg Metropolitan Municipality**;**

1.26 **"List of accredited prospective service providers"** means a list of accredited prospective providers which JOSHCO must keep in terms of section 4.8.3 of this policy;

1.27 **"Major capital project"** means an infrastructure project or a series of interrelated infrastructure projects on a single site having an estimated cost, including those required for new facility or systems to become fully operational, above a prescribed threshold;

1.28 **"Maintenance"** means the combination of all technical and associated administrative actions during an item's service life to retain it in a state in which it can satisfactorily perform its required function**;**

1.29 **"National Treasury circulars / guidelines"** means Supply Chain Management Circulars / Guidelines issued by National Treasury from time to time;

1.30 **"Other applicable legislation"** means any other legislation applicable to Municipal Supply Chain Management, including, but not limited to: -

(a) Municipal Finance Management Act and its Regulations;

(b) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);

(c) the Preferential Procurement Regulations, 2017;

(d) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and

(e) the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000);

1.31 **"Portfolio" m**eans a collection of projects and programmes and other work that are grouped together to facilitate effective management of that work to meet a strategic

objective;

1.32 **"Practice Notes"** means the Municipal Supply Chain Practice Notes issued from time to time by the Chief Financial Officer in accordance with section 7.8 of this Policy;

1.33 **"Regulations"** means the Municipal Supply Chain Management Regulations promulgated in terms of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

1.34 **"SCM Procedure Manual"** means all Supply Chain Management Procedure Manual(s) issued by the Chief Financial Officer from time to time in accordance with section 36 of this policy;

1.35 **"SMMEs"** means any business enterprise with a turnover of less than R5 million in terms of the Broad Based Black Empowerment Act (Act no 53 of 2003);

1.36 "**Supply Chain Management**" means the systems approach to manage the entire flow of goods and services that will create and 9uthoriz value for customers in the form of products and services, which is specifically aimed at satisfying customer demands;

1.37 "**Sole supplier**" means a sole supplier contemplated in section 4.10of this policy;

1.38 "**Systems Act**" means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), as amended;

1.39 "**The/This Policy**" means the Supply Chain Management Policy adopted by JOSHCO in terms of Section 111 of the Act, as amended from time to time;

1.40 "**Two stage bidding process**" means two stage competitive bidding process contemplated in section 4.7.2 of this Policy;

1.41 " **Written quotations**" means formal written quotations contemplated in section 4.6 of this Policy; and;

1.42 "**Unsolicited bid/s**" means unsolicited bids contemplated in section 4.11 of this Policy.

2. CHAPTER 2

ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2.1 PURPOSE OF THE POLICY

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

2.2 EFFECTIVE DATE

This policy is effective from the date of adoption thereof by JOSHCO's board of directors.

2.3 PRINCIPLES SUBSCRIBED TO IN THIS POLICY

This policy subscribes to a procurement system which: -

(a) is fair, equitable, transparent, competitive and cost effective in terms of Section 217 of the Constitution of South Africa, No 108 of 1996;

(b) enhances uniformity in Supply C10027428hain Management systems between organs of state in all spheres;

(c) is consistent with the enterprise development programmes approved by the City of Johannesburg which are not limited to EPWP, job pathway and other policies and programmes that sees to aggressively advance the empowerment of the SMMEs / EMES and previously disadvantaged communities;

(d) embraces the principles of efficient environmental management;

(e) is consistent with the Broad Based Black Economic Empowerment Act 53 of 2000 and any Codes promulgated thereunder in the Government Gazette;

(f) is consistent with the Preferential Procurement Policy Framework Act 5 of 2000 and its Regulations; and

(g) is consistent with circulars and/or guidelines issued by National Treasury.

2.4 JOSHCO's COMMITMENT

JOSHCO through its management and its officials individually and collectively, is committed to:

(a) the implementation and full compliance of Supply Chain Management policy and practices as envisaged by the Act and its Regulations;

(b) fair, equitable, transparent and competitive Supply Chain Management practices and processes. To this extent, JOSHCO will accord all, a fair administrative process whenever procuring or disposing of goods and services;

(c) sourcing goods and services at competitive market prices taking into account the Total Cost of Ownership (TCO) concept and value adding principles;

(d) enhancing healthy and mutually beneficial relationships with providers of goods and services and business units, based on integrity, honesty, professionalism and ethics;

(e) utilization of JOSHCO buying power as leverage to ensure effective implementation of amongst others the Broad Based Black Economic Empowerment objectives;

(f) enhance JOSHCO's viability and competitiveness through effective and efficient Supply Chain Management practices and systems;

(g) economic development of local communities, Small Medium and Micro enterprises, women-owned enterprises, youth-owned and disabled-owned enterprises within the area of JOSHCO projects;

(h) high ethical business practices and conduct, and expects the same of suppliers doing business with JOSHCO as set out in the Code of Conduct for Supply Chain Management practitioners and other role players attached as Annexure A;

(i) confidential treatment of all information received and held by JOSHCO and its officials;

(j) fulfilling the objectives and provisions of the Competitions Act, 89 of 2001 as amended and shall use their best endeavours to ensure full compliance by all suppliers thereto;

(k) the principles and provisions contained in the Promotion of Access to Information Act, 2 of 2000;

(l) fully support the Proudly South African Campaign and will as far as practical seek to award business to service providers with high local content in their products and services;

(m) the principles and provisions of the Promotion of Administrative Justice Act, 3 of 2000;

(n) an environmentally sustainable procurement where it will consider social, economic and environmental factors alongside the typical price and quality considerations when procuring goods and services.

2.5 APPLICABILITY OF THIS POLICY

This policy is applicable to JOSHCO and must be strictly adhered to when: -

2.5.1 procuring goods or services;

2.5.2 issuing tenders for income-generating contracts;

2.5.3 disposing of goods no longer needed; and

2.5.4 selecting service providers other than in circumstances where Chapter 8 of the Systems Act applies.

2.6 REVIEW AND AMENDMENT OF THIS POLICY

2.6.1 The Chief Executive Officer must submit all subsequent amendments of this policy to the Board of Directors for approval.

2.6.2 The Chief Executive Officer, through the Chief Financial Officer, must at least every 2 years, or more frequently if required, review the implementation of this policy to determine to what extent, if any, this policy needs to be amended in order to remain relevant to changed circumstances.

2.6.3 Amendments to this policy shall be presented to the Audit and Risk Committee for review and to the company's Board of Directors for approval.

2.6.4 When amending this 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 business, must be taken into account.

2.6.5 The Chief Executive Officer shall in terms of section 62 (1)(f)(iv) of the Act, take all reasonable steps to ensure that JOSHCO implements this policy.

2.7 OVERSIGHT ROLE OF THE BOARD OF DIRECTORS

2.7.1 The Board of Directors has an oversight role over the implementation of this

Policy.

2.7.2 For the purposes of such oversight, the Chief Executive Officer shall submit the various reports contemplated in section 2.9.1and 2.9.2 below respectively for consideration by the Board of Directors.

2.7.3 The board of directors can not directly get involved or take any procurement related decisions on prospective bidders before the BAC finalizes the tender or award processes as per probity.

2.8 DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES

2.8.1 The Chief Executive Officer, in terms of section 79(1) of the Act, hereby delegates Supply Chain Management Powers and duties as set out in Annexure B.

2.8.2 The Chief Executive Officer shall be entitled at all times to withdraw or amend the delegations contained in Annexure B or to determine new delegations, should the need therefore arise.

2.9 REPORTING REQUIREMENTS

2.9.1 Reporting by the Chief Executive Officer to the Board of Directors

The Chief Executive Officer must submit the following reports to the Board of Directors: -

2.9.1.1 quarterly reports on all transactions / purchases above R1 000 000.00;

2.9.1.2 quarterly reports, or as soon as it is practically possible, containing particulars of each final award made by the Adjudication Committees during that quarter, including: -

(a) the amount of the award;

(b) the name of the person to whom the award was made;

(c) the reason why the award was made to that service provider;

(d) the preferential procurement targets attained by JOSHCO; and

2.9.1.3 quarterly consolidated reports on the implementation of this policy within 10 days of the end of each quarter, or as soon as it is practically possible;

2.9.1.4 annual consolidated reports on the implementation of this policy within 20 days of the end of each financial year, or as soon as it is practically possible;

2.9.1.5 quarterly report on all deviations and ratifications in the implementation of this policy;

2.9.1.6 awards of unsolicited bids, as soon as it is practically possible after the award of such bids;

2.9.1.7 all awards to close family members of persons in the service of the State or has been in the service of the State in the previous 12 months;

2.9.1.8 any abuses found and the remedial actions taken;

2.9.1.9 declarations made and gifts received by employees;

2.9.1.10 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; and

2.9.1.11 any other Supply Chain Management related report that the Board may require from time to time.

2.9.2 **Reporting by the Chief Financial Officer to the Chief Executive Officer**

The Chief Financial Officer must submit the following reports to the Chief Executive Officer: -

2.9.2.1 non-compliance, deviations and remedial action proposed or taken by relevant Heads of Departments;

2.9.2.2 the operations of the Supply Chain Management Unit on a monthly basis;

2.9.2.3 particulars of each final award made by the Heads of Departments during that month, as soon as it is practically possible after such awards, including: -

(a) the amount of the award;

(b) the name of the person to whom the award was made;

(c) the reason why the award was made to that person; and

(d) the B-BBEE status of the service provider;

2.9.2.4 all practice notes issued and proposed amendments to the SCM Procedure Manual;

2.9.2.5 any other Supply Chain Management related report that the Chief Executive Officer may require from time to time.

2.9.3 **Reporting by the Heads of Departments to the Chief Financial Officer via the Finance Manager / SCM Manager**

Heads of Departments must submit:

2.9.3.1 details of performance against plans versus the spend for the quarter.

2.9.3.2 monthly petty cash procurement reports;

2.9.3.3 a report of all bids awarded in designated sectors with a stipulated minimum threshold on local content.

2.9.3.4 monthly reports on final awards of transactions below R 30 000, or such higher threshold as may be determined from time to time, as soon as it is practically possible after such awards, including: -

(a) the amount of the award;

(b) the name of the person to whom the award was made;

(c) the B-BBEE status of the service provider; and

2.9.3.5 reports outlining the quarterly expenditure versus budget to the Finance Office;

2.9.3.6 any other Supply Chain Management related report that the Chief Financial Officer may require from time to time.

2.9.4 **Reporting by the Heads of Departments to the Adjudication Committee on the utilization of Approved and Established Panels of Service Providers (via the SCM Manager)**

Heads of Departments must submit monthly reports to the Adjudication Committee on the appointment of service providers. All such reports shall be routed through the SCM Manager and consolidated quarterly.

2.9.5 **Reporting by the Chief Executive Officer to the City of Johannesburg**

The Chief Executive Officer must within 7 days of the end of each quarter, submit a spend report and the implementation of the municipal entity's supply chain management policy to the, MMC: Housing and/or the City Manager. All such reports shall be routed through the City of Johannesburg's Group Governance.

2.9.6 **Reporting by JOSHCO to the City of Johannesburg for submission to National Treasury and / or Provincial Treasury**

The Chief Financial Officer on behalf of JOSHCO shall submit the following reports to the City of Johannesburg via Group Governance –

2.9.6.1 contracts and/or transactions to the value of R100 million and more;

2.9.6.2 supplier or director thereof that has abused the Supply Chain Management system and has been found guilty of improper conduct;

2.9.6.3 awards of unsolicited bids;

2.9.6.4 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;

(b) recipient or prospective recipient of goods disposed or to be

disposed;

2.9.6.5 all awards of more than R2,000.00 to a close family member of persons in the service of the state or has been in the service of the state in the previous 12 months;

2.9.6.6 abuses of Supply Chain Management and the remedial steps taken;

2.9.6.7 contracts awarded with a duration that extends beyond three years; and

2.9.6.8 any deviation from the Treasury Circulars or Regulations as contemplated.

2.9.7 **Publication of all CIDB projects on the CIDB website**

All infrastructure projects are to be reported on the CIDB website from commencement phase to completion.

2.9.8 **Supply Chain Management Unit**

The Supply Chain Management office reports to the Chief Financial Officer of JOSHCO.

3. CHAPTER 3

DEMAND MANAGEMENT

3.1 DEMAND MANAGEMENT FOR GENERAL GOODS AND SERVICES (EXCLUDING INFRASTRUCTURE)

3.1.1 Demand Management is the initial phase of Supply Chain Management and set the tone for all subsequent actions that are associated with Supply Chain Management. It is all about planning and therefore the demand management element is the first mentioned element of Supply Chain Management. Purchasing or Supply chain planning should precede all activities involved in purchasing and Supply Chain Management.

3.1.2 On an annual basis, as part of the budgeting and strategic planning process, known or existing needs are reviewed and new needs are identified for the procurement of assets, goods and services to ensure that sufficient funding is available.

3.1.3 To implement an effective and efficient Supply Chain Management system that espouses cost savings, JOSHCO subscribes to the following principles of demand management:

3.1.3.1 consolidation of the JOSHCO requirements through the Supply Chain Management Unit to maximize economies of scale in the case of acquisitions of a repetitive nature;

3.1.3.2 clearly articulated requirements and specifications that meet the needs and expectations of multiple users. The specifications shall be unbiased, functional and not brand specific;

3.1.3.3 acquisition of all goods and services required must be quantified, budgeted for and timely and effectively delivered at the right location and at the critical delivery dates, and are appropriate quality and quantity at a fair cost;

3.1.3.4 similar requirements will necessitate one contract;

3.1.3.5 where necessary Industry Analysis and Research should be undertaken to ensure best value for money.

3.1.4 JOSHCO's demand management system shall be aimed at ensuring that goods and services, and any combination thereof required to support strategic and operational commitment of the Entity, are effectively delivered at the right price, time and place, and that quality and quantity of such goods or services satisfy the actual need of JOSHCO.

3.1.5 An effective demand management system must include the following:

3.1.5.1 Planning for future requirements;

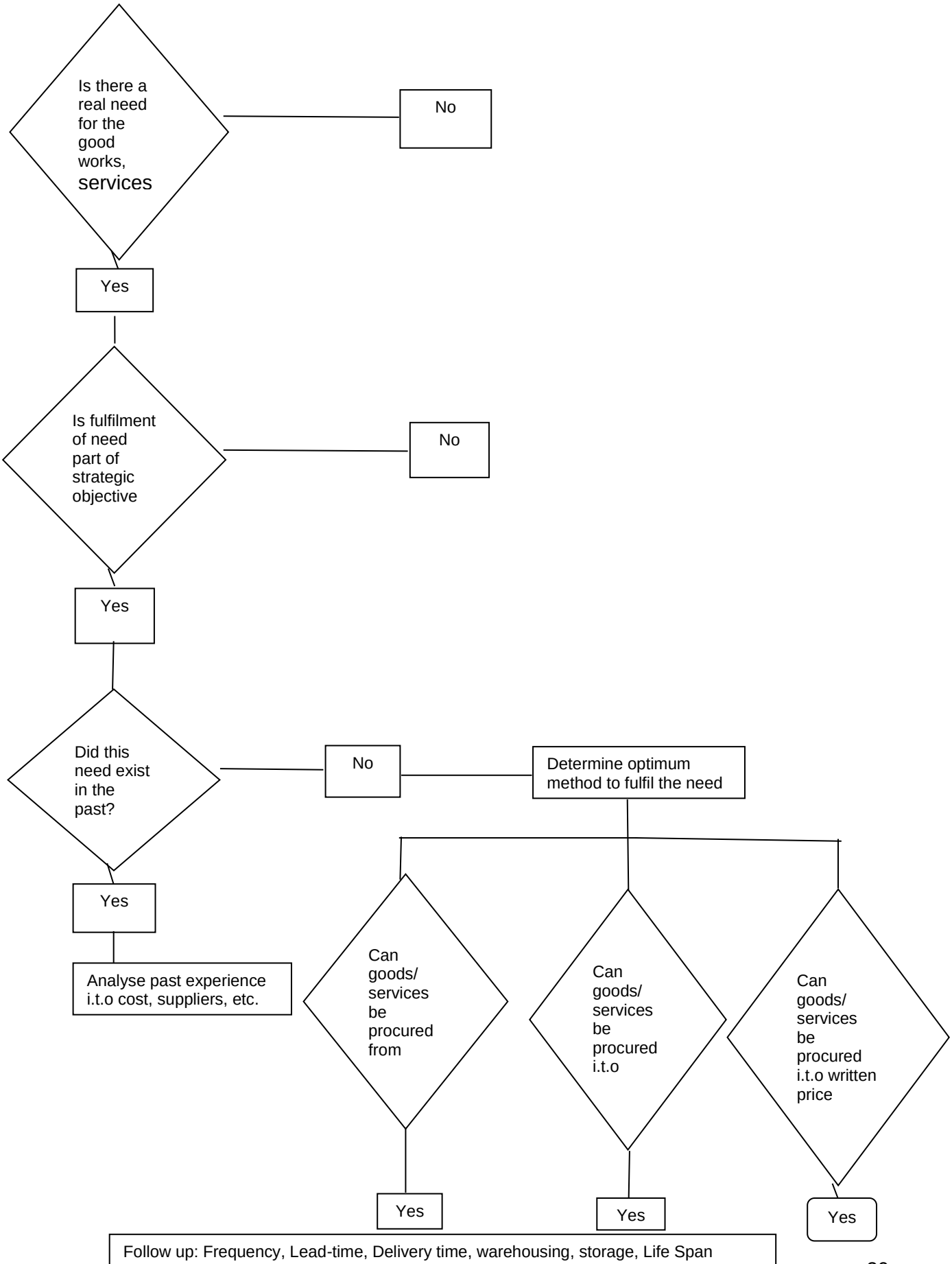
3.1.5.2 Method for acquisition and disposals of all goods required to meet the strategic goals outlined in the strategic plan

3.1.5.3 and must be quantified, budgeted and planned for to ensure timely and effective delivery, appropriate quality at fair cost to meet the needs of JOSHCO; and

3.1.5.4 Critical delivery date must be determined and adhered to.

3.1.6 The steps set out in the flow chart below, shall serve as guide to the demand management process to be followed:

Flowchart of the Demand Management process



3.2 DEMAND MANAGEMENT FOR INFRASTRUCTURE PROCUREMENT

3.2.1 JOSHCO's demand management system shall be aimed at ensuring that infrastructure related goods and services, and any combination thereof required to support strategic and operational commitments of JOSHCO, are effectively delivered at the right price, time and place, and that the quality and quantity of such goods or services satisfy the actual needs of JOSHCO.

3.2.2 **Framework for Infrastructure Delivery**

3.2.2.1 All infrastructure projects undertaken by JOSHCO shall be approved in accordance with the IDM principles, underpinned by the following processes:

(a) Portfolio;

(b) Programmes;

(c) Operations & Maintenance; and

(d) Projects.

3.2.3 **The Portfolio Phase**

The minimum Portfolio phase requirements underpinning the annual, cyclical, repetitive processes in the management of a portfolio of infrastructure assets shall be:

3.2.3.1 Strategic Planning;

3.2.3.2 Infrastructure Planning;

3.2.3.3 Authorising and Controlling;

3.2.3.4 Review; and

3.2.3.5 Improvement.

3.2.4 **The Programme Phases**

The Programme phases underpinning the annual, cyclical, repetitive processes in the management of a programme of infrastructure assets shall

comprise of:

3.2.4.1 Initiating;

3.2.4.2 Defining;

3.2.4.3 Managing;

3.2.4.4 Review; and

3.2.4.5 Improvement.

3.2.5 **The Operations & Maintenance Phases**

3.2.5.1 The Operations & Maintenance (O&M) phases that outline and describe JOSHCO's annual, cyclical, repetitive processes of a facility or an infrastructure assets are:

(a) Planning;

(b) Implementation;

(c) Review; and

(d) Improvement.

3.2.5.2 The CFO and COO or his/her delegated official shall monitor compliance with control point deliverables in respect of each phase, on an annual basis**.**

3.2.6 **The Project Processes**

3.2.6.1 All infrastructure projects undertaken by JOSHCO shall be approved in accordance with the following stages and control point deliverables:

		Project Stage Deliverables
No.	Stage name	End of Stage Deliverables
1	Initiation	Initiation Report or Prefeasibility Report

		(i) The Initiation Report, which defines project objectives, needs, acceptance criteria, JOSHCO's priorities and aspirations, procurement strategies, and which sets out the basis for the development of the Concept Report. Or (ii) A Prefeasibility Report, is required on mega capital projects to determine whether or not to proceed to the Feasibility Stage, where sufficient information is presented to enable a final decision to be made regarding the implementation of the project. (iii) Stage 1 will be complete when the Initiation Report or Prefeasibility Report is approved.
2	Concept	Concept Report or Feasibility Report (i) The Concept Stage represents an opportunity for the development of different design concepts to satisfy the project requirements, as developed during Stage 1. It also presents, through the testing of alternative approaches, an opportunity to select a particular conceptual approach. The ultimate objective of this stage is to determine whether the project is viable to proceed, with respect to available budget, technical solutions, time-frame and other information that may be required. (ii) The Concept Report should as a minimum, provide the following information: a) Document the initial design criteria, cost plan, design options and the selection of the preferred design option, or the methods and procedures required to maintain the condition of infrastructure for the project.

		b) Establish the detailed brief, scope, scale, form and cost plan for the project, including, where necessary, the obtaining of site studies and construction and specialist advice. c) Provide an indicative schedule for documentation and construction or maintenance services, associated with the project. d) Include a site development plan, or other suitable schematic layouts of the works. e) Describe the statutory permissions, funding approvals and utility approvals required to proceed with the works associated with the project. f) Include a baseline risk assessment for the project, and a health and safety plan, which is a requirement of the Construction Regulations, issued in terms of the Occupational Health and Safety Act. g) Contain a risk report linked to the need for further surveys, tests, other investigations and consents and approvals, if any, during subsequent stages and identified health, safety and environmental risk. (iii) A Feasibility Report shall, as a minimum, provide the following information: a) Details regarding the preparatory work covering: • A needs and demand analysis with output specifications. • An options analysis. b) A viability evaluation covering: • A financial analysis.

		• An economic analysis, if necessary. c) A risk assessment and sensitivity analysis; d) A professional analysis covering: • A technology options assessment. • An environmental impact assessment. • A regulatory due diligence. e) An implementation readiness assessment covering: • Institutional capacity. • A procurement plan. Stage 2 will be complete when the Concept Report or the Feasibility Report is approved.
3	Design Development	Design Development Report (i) The Design Development Report shall as necessary: a) Develop in detail the approved concept to finalise the design and definition criteria. b) Establish the detailed form, character, function and costings. c) Define all components in terms of overall size, typical detail, performance and outline specification. d) Describe how infrastructure or elements or components thereof are to function, how they are to be safely constructed, how they are to be maintained and how they are to be commissioned. e) Confirm that the project scope can be completed within the budget or propose a revision to the budget.

		Stage 3 will be complete when the Design Development Report is approved.
4	Design Documentation	Design Documentation (i) Design documentation provides the: a) production information that details, performance definition, specification, sizing and positioning of all systems and components that would enable construction; b) manufacture, fabrication and construction information for specific components of the work informed by the production information. Stage 4 will be complete when the Design Documentation Report is approved.
5	Works	Completed Works capable of being used or occupied (i) The following is required for completion of the Works Stage: a) Completion of the works is certified in accordance with the provisions of the contract; or b) The goods and associated services are certified as being delivered in accordance with the provisions of the contract. Stage 5 will be complete when the Works Completion Report is approved.
6	Handover	Works which have been taken over by user or owner; completed training; Record Information (i) The following activities shall be undertaken during the handover stage: a) Finalise and assemble record information which accurately reflects the infrastructure that is to be

		acquired, rehabilitated, refurbished or maintained; b) Hand over the works and record information to the user organisation and if necessary, train end user staff in the operation of the works. Stage 6 will be complete when the Handover/Record Information Report is approved.
7	Close-Out	Defects Certificate or Certificate of Final Completion; Final Account; Close-Out Report (i) The Close-Out Stage commences when the end user accepts liability for the works. It is complete when: a) Record information is archived; b) Defects certificates and certificates of final completion are issued in terms of the contract; c) Final amount due to the contractor is certified, in terms of the contract; d) Close-Out Report is prepared by the Implementer and approved by the Client Department. Stage 7 will be complete when the Close-out Report is approved.

3.2.6.2 In implementing the IDM Project Processes, JOSHCO must take cognizance of the following principles:

(a) the detail contained in each deliverable associated with the end of each stage must contain sufficient information to enable informed decisions to be taken;

(b) Procurement of Professional Service Providers (“PSPs”) and Contractors can occur at different points in the project stages;

(c) additional stages may be added to the prescribed stages, if deemed necessary for specific projects or if required by the contractual provisions applicable;

(d) progress reports compiled using the project stages set out at section 3.2.6.1 above must clearly account for the approval of prior stages achieved;

(e) in instances where JOSHCO is engaged by another Municipal Entity to provide agency services, this must be done by way of an agreement that should outline the roles and responsibilities of each party which creates a relationship between a client and an implementer. All deliverables must be developed and signed off as per their service delivery agreement; and

(f) the approvals or acceptances at each stage shall be retained for record purposes for a period of not less than five years of such acceptance or approval in a secured environment, unless otherwise determined in terms of the National Archives and Record Services of South Africa Act.

3.2.6.3 The responsibilities for approving or accepting the final deliverable of each stage in the control framework for the management of the Department's infrastructure delivery shall be as set out in the table below:

Stage		**Person(s) assigned the responsibility for approving or accepting end of stage deliverables**
No	**Name**	
1	Initiation	The Chief Operations Officer or his/her delegated official
2	Concept	The Chief Operations Officer or his/her delegated official
3	Design development	The Chief Operations Officer or his/her delegated official
4	Design documentation	The Client Department provides the final approval.

5	Works	The Client Department provides the final approval.
6	Handover	The Client Department provides the final approval.
7	Close-out	The Client Department provides the final approval.

3.2.7 **Gateway reviews**

3.2.7.1 The Accounting Officer or the delegated official shall appoint a gateway review team for the purposes of undertaking gateway reviews and seeking approval of major capital projects, in accordance with the requirements of the Framework for Infrastructure Development Procurement Management.

3.2.7.2 A gateway review team shall comprise of not less than three persons who are not a part of the relevant project, provided that the leader shall have experience in infrastructure projects planning and be a registered professional with a statutory council under the built environment professions.

4.

4. CHAPTER 4

ACQUISITION MANAGEMENT

4.1 SYSTEM OF ACQUISITION MANAGEMENT

4.1.1 JOSHCO shall, subject to clause 4.1.5 only proceed with the acquisition of goods and services for which there is an approved budget. The onus will be on the relevant Head of Departments to ensure that funds are available.

4.1.2 The Head of Departments must submit procurement plans to the Chief Financial Officer prior to commencement of each financial year. It is noted that due to the nature of the JOSHCO business, this will not be practical, however all care will be taken to ensure compliance to this policy's requirements.

4.1.3 The Chief Financial Officer shall prior to advertisement of bids above R1 million verify with heads of departments that:

4.1.3.1 budgetary provision exists for procurement of goods, services and/or infrastructure projects;

4.1.3.2 any ancillary budgetary implications related to the bid, have budgetary provision for the operation of the asset, maintenance costs relating to the asset, administration costs and rehabilitation/renewal costs;

4.1.3.3 estimated expenditure per year is provided for any project with multi-year budgetary implication, for example, if a project will take more than one financial year.

4.1.4 JOSHCO's acquisition management will ensure:

4.1.4.1 that goods and services are procured by JOSHCO in accordance with 30uthorizat processes only;

4.1.4.2 that expenditure on goods and services is incurred in terms of an approved budget;

4.1.4.3 that the threshold values for the different procurement mechanisms as contained in Table 1 below are complied with;

4.1.4.4 that bid documentation, including compiled specification where applicable, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and

4.1.4.5 that any National Treasury guidelines on

4.1.4.6 acquisition management are properly taken into account.

4.1.5 This Policy, except where otherwise provided for herein, does not apply in respect of the procurement of goods and services contemplated in section 110 (2) of the Act, including:

4.1.5.1 water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and

4.1.5.2 electricity from Eskom or another public entity, another municipality or a municipal entity.

4.1.6 The following information will be made public whenever goods or services

contemplated in section 110 (2) of the Act are procured other than through the Supply Chain Management System –

4.1.6.1 the kind of goods or services;

4.1.6.2 the name of the supplier;

4.1.6.3 the total value of the contract or project; and

4.1.6.4 delivery/ completion period for the kind of goods or service.

4.1.7 Notwithstanding the provisions of clause 4.1.1 above, JOSHCO may during any given financial year commence with the procurement processes with the view of procuring goods or services in respect of an ensuing financial year, provided that:

4.1.7.1 the order for such goods or services shall only be placed after the commencement of the ensuing financial year; and

4.1.7.2 budgetary provision has been made for the resultant expenditure.

4.2 Control Framework for Infrastructure Procurement

4.2.1 In addition to steps set out above, the control framework for infrastructure procurement sets out the procurement activities and the gates associated with the formation and conclusion of contracts above the request for a quotation threshold.

4.2.2 The responsibilities for taking the key actions associated with the requests for a quotation procedure and the negotiation procedure where the value of the contract is less than the threshold set for the quotation procedure shall be as follows:

4.2.2.1 the Director for construction procurement shall grant approval for the issuing of the procurement documents, based on the contents of a documentation review report developed in accordance with the provisions of the FIDPM;

4.2.2.2 the HOD or the appropriately delegated official may award the contract if satisfied with the recommendations contained in the adjudication report;

4.2.2.3 infrastructure procurement shall be undertaken in accordance with all applicable Infrastructure Procurement-related legislation and this

Framework; and

4.2.2.4 infrastructure procurement shall be implemented in accordance with procurement gates prescribed in clause 4.2.10 and the CIDB Standard for Uniformity in Construction Procurement.

4.2.3 The HOD may over and above procurement gates prescribed in clause 4.2.10 below, introduce additional procurement gates.

4.2.4 Procurement Gates 1 and 2 shall be informed by the Programme Management Control Point Deliverables.

4.2.5 Given the peculiarity of the institution, the procurement of PSPs and Contractors can occur at any points in the Infrastructure Development Management Processes.

4.2.6 The Accounting Officer or the delegated official must ensure that a budget is available and cash flow is sufficient to meet contractual obligations and pay contractors within the time period provided for in the contract.

4.2.7 Procurement gates provided in 4.2.10 shall be used, as appropriate, to:

4.2.7.1 authorise commencement to the next control gate;

4.2.7.2 confirm conformity with requirements;

4.2.7.3 provide information, which creates an opportunity for corrective action to be taken; and

4.2.7.4 the 32uthorization to proceed to the next procurement gate.

4.2.8 Emergency procurement procedures shall be undertaken in accordance with applicable legislative framework to safeguard the institution from:

4.2.8.1 exposure to substantial reputational damage to JOSHCO's infrastructure procurement processes;

4.2.8.2 consequential damages which could result in loss of life and or serious damage to property;

4.2.8.3 significant litigation claims; and

4.2.8.4 reputational damage to the institution.

4.2.9 The Chief Executive Officer or the delegated official shall, in a manual or

electronic format, keep records of Procurement Gate approvals with the following minimum requirements:

4.2.9.1 procurement gate(s) approved;

4.2.9.2 delegated person/s or body;

4.2.9.3 date on which the approval request was received;

4.2.9.4 date on which the approval was actioned; and

4.2.9.5 signature of the delegated person.

4.2.10 The procurement gates applicable to all procurement events shall be:

Gates	**Minimum requirements**
Procurement Gate 1 (PG1) a) Obtain permission to start with the procurement process.	1) Establish and clarify what needs to be procured. 2) Prepare broad scope of work for procurement. 3) Ascertain a title for the procurement for the purposes of project identification. 4) Estimate financial value of proposed procurement and contract for budgetary purposes, based on the broad scope of work. 5) Confirm the budget.
PG 1 is complete when a designated person or body makes a decision to proceed/not to proceed with the procurement based on the broad scope of work and the financial estimates.	
Procurement Gate 2(PG2): a) Obtain approval for procurement strategies that are to be adopted.	1) Decide on procurement strategies. 2) Establish opportunities for promoting preferential procurement in line with legislative provisions and the Construction Sector Code. 3) Establish contracting and pricing strategy comprising of an appropriate allocation of responsibilities and risks and the methodology by which contractors are to be paid. 4) Establish procurement procedures.

PG 2 is complete when a delegated person or body approves procurement strategies that are to be adopted.	
Procurement Gate 3 (PG3) a) Obtain approval for procurement documents.	1) Prepare procurement documents that are compatible with the approved procurement strategies.
PG 3 is complete when a delegated person or body reviews the procurement document, identifies sections, if any, which require amendments or improvement, and grants the necessary approval.	
Procurement Gate 4 (PG4) a) Confirm that cash flow is sufficient to meet projected contractual obligations.	1) Confirm sufficient cash flow to meet contractual obligations. 2) Establish control measures for payment of contractors within the time period provided for in the contract
PG 4 is complete when a delegated person or body ensures that cash flow is sufficient for the procurement to take place.	
Procurement Gate 5 (PG 5) a) Solicit tender offers.	1) Invite tender offers. 2) Receive tender offers. 3) Record tender offers. 4) Safeguard tender offers. 5) Prepare a report on tender offers received.
PG 5 is complete when a delegated person or body ensures that all received tender offers are duly accounted for.	
Procurement Gate 6 (PG 6) a) Evaluate tender offers in terms of undertakings and parameters established in	1) Open and record tender offers received. 2) Determine whether or not tender offers are complete. 3) Determine whether or not tender offers are responsive. 4) Evaluate tender submissions. 5) Perform a risk analysis. 6) Prepare a tender-evaluation report.

procurement documents.	
PG 6 is complete when a person or body reviews evaluation report and ratifies recommendations.	
Procurement Gate 7 (PG7) a) Award the contract.	1) Notify successful tenderer and unsuccessful tenderers of outcome. 2) Compile contract document. 3) Formally accept tender offer.
PG 7 is complete when a delegated person or body confirms that the tenderer has provided evidence of complying with all requirement stated in the tender data and formally accepts the tender offer in writing and issues the contractor with a signed copy of the contract	
Procurement Gate 8 (PG 8) a) Administer the contract and confirm compliance with all contractual requirements.	1) Capture contract award data. 2) Administer contract in accordance with the terms and provisions of the contract. 3) Ensure compliance with contractual requirements.
PG8 is complete when a delegated person captures contract completion/termination data.	

4.3 **PROCUREMENT MECHANISMS**

4.3.1 JOSHCO shall adhere to the principles of fair, equitable and transparent procurement systems whenever sourcing goods and services from the market.

4.3.2 All cost escalations pertaining to established contracts are to be reported to the Board of Directors.

4.3.3 When procuring goods and services on behalf of JOSHCO, the appropriate procurement mechanisms as listed in Table 1 hereunder and explained further in clauses 4.4 to 4.11, shall apply.

TABLE 1

PROCUREMENT MECHANISM	TOTAL TRANSACTION VALUE
Petty Cash Purchases	R nil to R2,000 (VAT Inclusive)

3 Formal Written Quotations	R2,001 to R750,000 (VAT Inclusive)
Competitive Bidding Process	Above R750,000 (VAT Inclusive)
Negotiations	Any Value
Sole Suppliers	Any Value
Unsolicited Bids	Any Value
Quotations solicited from established panels	Any Value

4.4 PETTY CASH PURCHASES

4.4.1 Petty cash purchases may be allowed in certain cases if it is not possible or economically viable to procure goods and services through written quotation or competitive bidding processes. This situation will arise where the total costs of engaging in written quotation or competitive bidding far outweighs the value of the item(s) or services been sought.

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

4.5 WRITTEN QUOTATIONS

4.5.1 JOSHCO shall use the written quotation mechanism when the total value of goods and services is within the ranges of R2,001 and R30,000.00 inclusive of VAT

4.5.2 For this procurement mechanism, quotations must be obtained from three different service providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of JOSHCO or Central supplier database (CSD).

4.5.3 In the event that the service provider selected is not on JOSHCO's list of accredited service providers, the relevant Head of Department shall ensure that the service provider so appointed shall submit a fully compliant application to register on JOSHCO's list of accredited service providers within 14 days

from date of appointment, failing which JOSHCO shall be entitled to terminate the appointment of such service provider with immediate effect.

4.5.4 Should it not be possible to obtain three quotations, the reasons must be recorded and supported by the SCM Manager or the Head of Department as per delegated authorities.

4.6 FORMAL WRITTEN QUOTATIONS

4.6.1 JOSHCO shall use the written quotation mechanism when the total value of goods and services are within the ranges of R30,000 and R750 000 inclusive of VAT. These thresholds shall, where possible, apply to the yearly-consolidated requirements of JOSHCO.

4.6.2 For this procurement mechanism, quotations must be obtained from three different service providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective provider of JOSHCO.

4.6.3 Or Advertised for atleast seven days on the JOSHCO website and Notice board.

4.6.4 In the event that the service provider selected is not on JOSHCO's list of accredited service providers, the relevant Head of Department shall ensure that the service provider so appointed shall submit a fully compliant application to register on JOSHCO's list of accredited service providers within 14 days from date of appointment, failing which JOSHCO shall be entitled to terminate the appointment of such service provider with immediate effect.

4.6.5 Such quotations must be obtained in writing from at least three different suppliers. As far as possible all suppliers must be afforded an opportunity to quote on a rotational basis to promote ongoing competition amongst providers.

4.6.6 Service providers shall be afforded at least 3 days (or less in case of emergencies) to provide their quotations.

4.6.7 Offers received must be evaluated on a comparative basis taking into account unconditional discounts.

4.6.8 Should it not be possible to obtain three quotations, the reasons must be

recorded and supported by the SCM Manager or the Head of Department as per delegated authorities.

4.6.9 If there are frequent requirements, which the amount per individual transaction is less than R750,000 per user, such requirements must be consolidated, and a contract be established through competitive bidding process.

4.6.10 Splitting of requirements with the sole intention of circumventing this procurement mechanisms listed shall not be allowed.

4.6.11 In the event of the appointment of attorneys, it shall not be necessary to obtain three quotations, on condition that as far as possible attorneys shall be appointed on a rotational basis.

4.6.12 In the event of predetermined rates that are standardized, allocation of work will be on a rotational basis to ensure fair and equitable distribution of work to the respective service providers.

4.7 COMPETITIVE BIDDING PROCESS

4.7.1 GENERAL CONDITIONS APPLICABLE TO A COMPETITIVE BIDDING PROCESS

4.7.1.1 In order to ensure transparency and equitability when procuring goods and services, JOSHCO shall use competitive bidding when procuring goods or services: -

(a) above the value of R750 000.00 (VAT inclusive); or

(b) with a contract that exceed a three-year period.

4.7.1.2 Services classified as essential shall only be procured through a competitive bidding process.

4.7.1.3 Competitive bidding process mechanism will be handled in accordance with the approved procedures.

4.7.1.4 Splitting of requirements with the sole intention of circumventing any of the procurement mechanisms in this Policy is prohibited.

4.7.2 TWO-STAGE COMPETITIVE BIDDING PROCESS

4.7.2.1 A two-stage bidding process may be followed: -

(a) when the requirements are not easily determinable, and it is ideal to engage the market in firming up the requirements;

(b) when sensitive projects requiring security clearance prior to the award or where it is undesirable to prepare complete detailed technical specifications;

(c) in the case of complex projects that require multiple stages before award and are requiring a period of three years;

4.7.2.2 For large complex projects where it may be undesirable to prepare complete detailed technical specification or long-term projects with a duration exceeding three (3) years, a two-stage competitive bidding process shall subscribe to the following:

(a) The first stage entails the issuing by JOSHCO of a technical proposal on conceptual designs or performance specifications subject to technical as well as commercial clarifications and adjustments.;

(b) Final technical proposal and price bids shall be invited in the second stage.

4.8 USE OF DATABASE AND PANELS OF SERVICE PROVIDERS

4.8.1 National Treasury Central Supplier Database

JOSHCO may procure goods and services from service providers registered on National Treasury Central Supplier Database.

4.8.2 Panel of Pre-Qualified Service Providers

4.8.2.1 JOSHCO will consider and implement a panel of approved service providers as and when the circumstances may dictate.

4.8.2.2 The compilation of this panel must be constituted through a competitive bidding process.

4.8.2.3 It will not be necessary for JOSHCO to request further quotations from the panel of prequalified service providers prior to issuing instructions to provide goods or services, instead the service providers must be appointed on a rotation basis.

4.8.2.4 Rotation of service provider within each panel must be determined at the award of the panel and be applied consistently throughout the duration of the panel.

4.8.3 List Of Accredited Service Providers

4.8.3.1 The Chief Executive Officer must ensure that:

(a) JOSHCO keeps a list of accredited prospective service providers of goods and services that must be used for the procurement through written quotations and formal written price quotations;

(b) at least once a year through newspapers commonly in circulation in the area of jurisdiction of JOSHCO, the website of the JOSHCO and any other appropriate ways, prospective service provider of goods or services is invited to apply for evaluation and listing as accredited prospective providers;

(c) the listing criteria for accredited prospective service providers is specified; and

(d) the listing of any prospective service provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector, is disallowed.

4.8.3.2 The list of accredited prospective service providers must be updated at least quarterly to include any additional prospective service providers and any new commodities or types of services.

4.8.3.3 Prospective service providers shall be allowed to submit applications for inclusion on the list of accredited service providers at any time.

4.8.3.4 The list of accredited prospective service provider must be compiled per commodity and per type of service.

4.8.3.5 Separate applications for inclusion on the list of accredited service

providers must be submitted for each subsidiary company within a holding company that desires to be included on the list of accredited service providers.

4.9 NEGOTIATIONS

4.9.1 The necessary prior approval or mandate to negotiate with any service providers must be obtained in writing from the bid adjudication committee or Chief Executive Officer, as the case may be.

4.9.2 The negotiation mechanism may be used when: -

4.9.2.1 procuring goods and services from single or sole suppliers;

4.9.2.2 annual price increases in respect of existing contracts are requested;

4.9.2.3 terms and conditions in respect of existing contracts require amendment;

4.9.2.4 finalising the award of business with preferred bidders provided that:

(a) such negotiations do not allow any preferred bidder a second or unfair opportunity;

(b) such negotiations are not to the detriment of any other bidder;

(c) such negotiations do not lead to a higher price than the bid as submitted;

(d) the circumstances contemplated in clause 4.23.6 apply;

(e) such negotiations are aimed at realizing cost effectiveness in the procurement of goods and services where the market rates are easily determinable for both quotations and bids; and

(f) the negotiations are exercised in a fair, equitable, transparent and competitive manner that will not unduly disadvantage other bidders and compromise the integrity of the processes.

4.9.2.5 The approval or mandate to negotiate must at least include the following:

(a) Reasons for negotiations;

(b) Negotiations parameters;

(c) Objectives of the negotiations;

(d) Names of identified service provider (s) to negotiate with; and

(e) Names of the persons authorised to conduct the negotiations.

4.9.2.6 The outcome of the negotiations must be approved by the bid adjudication committee or the Chief Executive Officer or delegated authority, as the case may be, before award.

4.9.2.7 Records of all negotiations must be kept.

4.10 SOLE SUPPLIERS

4.10.1 JOSHCO must procure procure goods and services from sole supplier occurs when: -

4.10.1.1 only one service provider manufactures or renders goods and services due to unique nature of the requirements;

4.10.1.2 goods and services already in JOSHCO's value chain/employ are supplied only by an Original Equipment Manufacturer (OEM) or by a licensed agent thereof; or

4.10.1.3 there is a requirement for compatibility, continuity and/or alignment.

4.10.2 In the event that the sole supplier is an authorised agents then such an agent must produce:

4.10.2.1 an appropriate letter from the relevant OEM before the award is made; and

4.10.2.2 documentary evidence confirming its status as a licensed owned agent.

4.11 UNSOLICITED BIDS

4.11.1 Unsolicited bids are bids that are preemptively submitted by the prospective

service provider (s) to JOSHCO without any requirements been identified and advertised by JOSHCO.

4.11.2 This situation arises when the supplier(s) identify an opportunity to render services or supply products not ordinarily required by JOSHCO, or where the need for such services or goods have not yet been identified by JOSHCO.

4.11.3 JOSHCO shall not be obliged to consider unsolicited bids received outside the normal bidding processes.

4.11.4 JOSHCO may consider an unsolicited bid, but only if; -

4.11.4.1 the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;

4.11.4.2 the product or service will be exceptionally beneficial to, or have exceptional cost advantages;

4.11.4.3 the person or entity who submitted the bid is the sole provider of the product or service; and

4.11.4.4 the reasons for not going through the normal bidding processes are approved by the Chief Executive Officer

4.11.5 If the Chief Executive Officer decides to consider an unsolicited bid that complies with clause 4.11.4 above, the decision must be made public in accordance with section 21A of the Systems Act, together with:

4.11.5.1 reasons as to why the bid should not be open to other competitors;

4.11.5.2 an explanation of the potential benefits if the unsolicited bid is accepted;

4.11.5.3 an invitation to the public or other potential suppliers to submit their comments within 30 days of the date the decision has been published.

4.11.6 JOSHCO shall submit all written comments received pursuant to clause 4.11.5, including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.

4.11.7 The Bid 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.

4.11.8 A meeting of the Bid Adjudication Committee to consider an unsolicited bid must be open to the public.

4.11.9 When considering the matter, the Bid Adjudication Committee must take into account;

4.11.9.1 any comments submitted by the public, as well as the response received from the unsolicited bidder, if any; and

4.11.9.2 any written comments and recommendations of the National Treasury or the relevant provincial treasury.

4.11.10 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 and the Provincial and National treasury the reasons for rejecting or not following those recommendations.

4.11.11 The submission referred to in clause 4.11.10 must be made within 7 days after the decision on the award of the unsolicited bid is taken, but no contract committing JOSHCO to the bid shall be entered into or signed within 30 days of the submission.

4.11.12 JOSHCO reserves the right:

4.11.12.1 not to award the business to the bidder that has made the unsolicited bid;

4.11.12.2 to award the business to any competitive bidder instead of the unsolicited bidder; and/or

4.11.12.3 to reject any bidder who may have generated an unsolicited bid having used privileged information owned by JOSHCO.

4.12 PROCUREMENT OF CONSULTING SERVICES (APPOINTMENT OF CONSULTANTS)

4.12.1 JOSHCO may procure consulting services provided that any Treasury

Guidelines in respect of consulting services are taken into account when such procurements are made.

4.12.2 Consultancy services must, be procured through competitive bids if the: -

4.12.2.1 value of the contract exceeds R200,000 (VAT included); or

4.12.2.2 duration period of the contract exceeds one year

4.12.3 In addition to any requirements prescribed by this Policy for competitive bids, bidders must furnish particulars of;

4.12.3.1 all consultancy services provided to an organ of state in the last five years; and

4.12.3.2 any similar consultancy services provided to an organ of state in the last five years.

4.12.4 Copyright in any document produced, and the patent rights and ownership in any plant, machinery, thing, system or process designed or devised by a consultant in the course of the consultancy service shall vest in JOSHCO.

4.12.5 The Chief Executive Officer shall introduce such steps as may be required to ensure that the provisions of clause 4.12.4 above are complied with.

4.13 PUBLIC INVITATION AND BID DOCUMENTATION FOR COMPETITIVE BIDS

4.13.1 Advertisement

4.13.1.1 Any invitation to prospective providers to submit bids must be by means of a public advertisement:

(a) in newspapers commonly circulating locally; and

(b) on JOSHCO's website; or

(c) through any other appropriate ways (which may include an advertisement in the Government Tender Bulletin and CIDB for construction work related services).

4.13.1.2 The information contained in a public advertisement, must include:

(a) the closure date for the submission of bids.

(i) In the case of transactions over R10 million (VAT included) or which are of a long term nature, the closure date must not be less than 30 days from the date on which the advertisement is placed in a newspaper.

(ii) In the case of any other transaction, the closure date must not be less than 14 days, from the date on which the advertisement is placed in a newspaper.

(b) statement that bids may only be submitted on the bid documentation provided by JOSHCO; and

(c) the date, time and venue of any proposed site meetings or briefing sessions.

4.13.1.3 Notwithstanding the provisions of clause 4.13.1.2 the Chief Executive Officer may determine a closure date for the submission of bids which is less than the 30 or 14 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 official procurement process.

4.13.1.4 In the case of a two-stage bidding process for transactions over R10 million (VAT included), a closing date of 30 days shall apply in respect of at least one of the stages whilst a closing date of 14 days shall apply to the other stage. The relevant Head of Department may determine which closing date period shall apply to which stage.

4.13.2 **Preparation of Bid Documentation**

4.13.2.1 Bid invitation must be clear and concise as possible and avoid imposing unnecessary cost and effort on bidders. Care must be taken not to specify unnecessary restrictive conditions, which will cause bidders to load their prices.

4.13.2.2 All applicable conditions must be communicated to all vendors in writing by using standard JOSHCO RFB template. These standard

JOSHCO RFB forms refer to the municipal bid forms prescribed by the National Treasury.

4.13.2.3 Given the cost of administering bid documents, bid documents will be sold to potential bidders for R500 (for bids not exceeding R10m) and R1 000 (for bids exceeding R10m).

4.13.2.4 Bid documentation for a competitive bidding process must: -

(a) take into account -

(i) the general conditions of contract and any special conditions of contract, if specified;

(ii) any Treasury guidelines on bid documentation; and

(iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction works;

(b) include the preference points system to be used, goals as contemplated in the Preferential Procurement Policy Framework Act 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 or which the bid is submitted;

(d) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or when unsuccessful, in a South African Court of Law in accordance with the provisions of applicable South African Law;

(e) require bidders to furnish their audited annual financial statements for the past three years or since their establishment if established during the past three years, if the bidder is required by law to prepare annual financial statements for auditing;

(f) require bidders to furnish 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;

(g) require bidders to furnish 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;

(h) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African Court of Law in accordance with the provisions of applicable South African Law;

(i) require submitted bids to be sealed; and

(j) where bids are requested in electronic format, such bids to be supplemented by sealed hard copies.

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

4.14.1 When JOSHCO invites a bid that will also be evaluated on the basis of functionality as a criterion, the bid documents and the invitation to submit tender must clearly specify the following aspects:

4.14.1.1 evaluation and sub evaluation criteria for measuring functionality;

4.14.1.2 weight of each criterion and sub criterion;

4.14.1.3 applicable weight of each criteria; and

4.14.1.4 minimum qualifying score for functionality.

4.14.2 The functionality criteria must be determined by the bid specification committee separately for each bid on a case-by-case basis.

4.14.3 The minimum qualifying score must not be prescribed so low that it may jeopardise the quality of the service required nor so high that it may be restrictive to the extent that it jeopardizes the fairness of the procurement process.

4.14.4 The bid must, subject to other requirements preceding a functionality evaluation, first be evaluated on functionality and then on price and the preference point system.

4.14.5 No bid must be regarded as an "acceptable tender" if it fails to achieve the minimum qualifying score for functionality as indicated in the bid documents.

4.15 PREFERENTIAL PROCUREMENT CRITERIA

4.15.1 It is the responsibility of JOSHCO to determine preferential procurement criteria that is applicable in the procurement of goods and services and infrastructure procurement as envisaged in the Preferential Procurement Policy Framework Act.

4.15.2 The Bid Specification Committee, after consultation with the Chief Executive Officer, must on a case by case basis make a determination of the applicable preferential procurement criteria that should be included in the bid documents.

4.15.3 In making such a determination, the BSC after consultation with the Chief Executive Officer, take into account amongst others:

4.15.3.1 the advancement of persons or categories of persons historically disadvantaged by unfair discrimination;

4.15.3.2 the need to develop:

(a) local communities and/or entities;

(b) Small Medium and Micro enterprises;

(c) youth owned enterprises; and

(d) disabled owned enterprises.The listing in clause 4.15.3 is not exhaustive an the Bid Specification Committee after consultation with the Chief Executive Officer may consider other preferential procurement criteria not provided for in clause

4.15.3.3 **Specific Goals will be Allocated as Follows:**

Historically Disadvantaged Individuals - HDI	**80/20 Preferential Point System**	**90/10 Preferential Point System**	**Means of Verification**
	20	**10**	
Race – people who are Black, Coloured or Indian	10	4	CSD report, Certified Copy of Identity Documentation and share certificate
Gender - Women	3	2	CSD report, Certified Copy of Identity Documentation and share certificate
Youth	4	2	CSD report, Certified Copy of Identity Documentation and share certificate
Disability	3	2	Certified copy of disability certificate and share certificate

Criteria for Points Allocations for Specific Goals

Points will be allocated in line with the equity shareholding percentage of the respective directors.Over and above the awarding of preference points in favour of HDIs, the following activities may be regarded as a contribution towards achieved the goals of the RDP (published in Government Gazette No. 16085 dated 23 November 1994):

(a) The promotion of South African owned enterprise;
(b) The promotion of export orientated production to create jobs;
(c) The promotion of SMMEs;
(d) The creation of new jobs or the intensification of labour absorption;
(e) The promotion of enterprises located in a specific province for work to be done or services to be done or services to be rendered in that province;
(f) The promotion of enterprises located in a specific region for work to be done or services to be rendered in that region;

(g) The promotion of enterprises located in a specific municipal area for work to be done or services to be done or service to be rendered in that municipal areas;
(h) The promotion of enterprises located in rural areas
(i) The empowerment of the work force by standardising the level of skills and knowledge of workers;
(j) The development of human resources, including by assisting in tertiary and other advanced training programmes, in line with key indicators such as percentage of wage bill spent on education and training and improvement of management skills; and
(k) The upliftment of communities through, but not limited to, housing, transport, schools, infrastructure donations, and charity organisations

4.16 OBJECTIVE CRITERIA AS CONTEMPLATED IN SECTION 2(1)(F) OF THE PPPFA

4.16.1 JOSHCO may in certain instances apply objective criteria as contemplated in section 2(1)(f) of the PPPFA to award a tender to a bidder that is not the highest scoring bidder.

4.16.2 The bid specification committee, after consultation with the Chief Executive Officer, will on a case-by-case basis make a determination of the objective criteria that would be applicable to warrant the appointment of a bidder that is not a highest scoring bidder.

4.16.3 The bid specification committee shall ensure that such objective criteria are clearly spelt out in the bid documents.

4.17 SPECIFIC BRANDS

4.17.1 Specifications must be written broadly enough to encourage competition. The specifications must not be so narrow that only specific products can comply, nor may it be drafted around a specific brand.

4.17.2 If only a specific brand or trademark will fulfill the requirement, the Bid Specification Committee and/or the user department must submit full motivations to the Bid Adjudication Committee for approval.

4.18 INFORMATION MEETINGS OR SITE INSPECTIONS

4.18.1 Should JOSHCO deem it necessary to invite prospective bidders to attend an information meeting or a site inspection, whether such a requirement is compulsory or not, then this requirement must be included in the bid advertisement.

4.18.2 Particulars of the venue, date and time of the information meetings and site inspection must be clearly indicated in the bid invitation and in the bid advertisement.

4.18.3 Should the information meeting or the site inspection be compulsory it must be explicitly stated in the advertisement and / or the bid document that failure to attend will results in automatic disqualification of the bidder's responses or proposals.

4.18.4 All vendors shall be required to sign an attendance register to confirm their attendance and minutes shall be taken. Minutes must set out the question asked, the answers provided and decisions made. Those minutes must be made available to all interested parties.

4.19 COMMUNICATING WITH PROSPECTIVE BIDDERS

4.19.1 There should be minimal contact with prospective bidders prior to the closing date of the bid.

4.19.2 All communications with prospective bidders must be done through the SCM Manager.

4.19.3 All clarifications regarding the bid document must be provided in a consistent manner in order to ensure that all bidders have access to the same information and no one is advantaged or disadvantaged.

4.19.4 Such clarification shall be in writing, shall be posted on JOSHCO web site and shall be filed in the relevant bid file.

4.19.5 Any JOSHCO staff member who contravenes the above shall face disciplinary action.

4.20 CHANGING OF INFORMATION

4.20.1 After the RFB has been advertised, but prior to the closing date and time, the relevant division may in the event of grave mistakes and changes required in the RFB document request the CEO or COO his delegate's approval to:

4.20.1.1 cancel an RFB and invite new bid;

4.20.1.2 amend the bid and issue such amendments; and/ or

4.20.1.3 extend the closing date of the RFB.

4.21 SUBMISSION OF BID DOCUMENTS

4.21.1 All bids shall only be accepted if they have been placed in the bid box before or on the closing date and stipulated time.

4.21.2 Bid responses sent by post or courier must reach JOSHCO offices before the closing date and time to be deposited into the bid box. Failure to comply with this requirement will result in the bid being treated as a "late bid" and will not be evaluated.

4.21.3 Bids submitted via email or fax will not be entertained at all and will be disqualified immediately.

4.21.4 No bid shall be accepted by JOSHCO if submitted in any manner other than as prescribed above.

4.22 BID VALIDITY PERIODS

4.22.1 The period for which bids are to remain valid and binding shall be indicated in the bid documents by the bid specification committee.

4.22.2 The validity period shall be reasonable to allow for the total procurement process to be concluded before the lapse thereof and will therefore be dependent on the complexity of the bid.

4.22.3 The validity period is calculated from the bid closure date and bids shall remain in force and binding until the end of the final day of that period.

4.22.4 This period of validity shall be extended by the duly authorised official from the SCM directorate provided that the original validity period has not expired, and that all bidders are given an opportunity to extend such period.

4.22.5 Any such extension shall be agreed to by a bidder in writing. Bidders who fail to respond to such a request before the extension cut-off date, or who decline such a request shall not be considered further in the bid evaluation process.

4.23 REJECTION OF BIDS/ NON-RESPONSIVE BIDS

4.23.1 Bidding documents must provide for the rejection of all bids if and when deemed necessary. This is justified when there is lack of effective competition or bids are not substantially responsive, provided that lack of competition should not be determined solely on the basis of the number of bidders.

4.23.2 If all bids were rejected, JOSHCO must review the causes justifying the rejection and consider making revisions to the specific conditions of contract, design and specifications, scope of the contract, or a combination of these, before inviting new bids.

4.23.3 If rejection is due to lack of competition, wider advertising should be considered.

4.23.4 If the rejection was due to most or all of the bids being non-responsive, new bids may be invited from the initially pre-qualified bidders, or with the agreement of the Chief Executive Officer, from only those that submitted in the first instance.

4.23.5 All bids should not be rejected solely for the purpose of obtaining lower or highest (in the case of bids for income-generating contracts) prices. If the lowest or highest (in the case of bids for income-generating contracts) evaluated responsive bid exceeds JOSHCO's pre-bid cost estimates by a substantial margin, JOSHCO must investigate the causes for the excessive cost and consider requesting new bids as described above.

4.23.6 Alternatively to clause 4.23.5, JOSHCO may negotiate with the identified preferred bidder (s) to try to obtain a satisfactory contract provided that such negotiations will not compromise the fairness and competitive nature of the process.

4.23.7 The Chief Executive Officer's prior approval must be obtained before rejecting all bids, soliciting new bids, or entering into negotiations with the identified preferred bidder. This approval should be recorded for auditing purposes.

4.23.8 A bid shall be rejected where an estimate was made by a professional or a reliable estimate was made and the bid is either 30% below or above the estimate.

4.24 CANCELLATION OF BIDS

4.24.1 In the event a bid being cancelled, the relevant Head of Department must submit a report requesting permission for cancelling the bid stating the reasons for such cancellation to the Chief Executive Officer prior to the bidders being made aware of.

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

4.25 PROBITY AUDIT

4.25.1 As per mandate issued by the City, all public bids with an estimated value of R5 million and above must undergo an internal probity audit.

4.25.2 Probity Audit will verify compliance and ensure all Supply Chain Management legislative, frameworks, practices and regulations are followed.

4.25.3 Probity Audit must be undertaken from the inception of the bidding process up to the award of the bid.

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

4.26.1 Deviations from procurement mechanism contained in this Policy are not encouraged and shall only be allowed in the circumstances provided for in this paragraph.

4.26.2 The Chief Executive Officer may:

4.26.2.1 deviate from the official procurement processes contained in this policy and approve the procurement of any required goods or services through any convenient process, which may include direct negotiations, but only-

(a) in an emergency;

(b) if such goods or services are produced or available from a single/sole provider as contemplated in clause 4.10 above;

(c) for the acquisition of special works of art or historical objects where specifications are difficult to compile; and/or

(d) in any other exceptional case where it is impractical or impossible to follow the official procurement processes.

4.26.2.2 ratify any minor breaches of the procurement processes by an official of committee acting in in terms of delegated powers or duties, which are purely of a technical nature.

4.26.3 Reasons for any deviation or ratification must be motivated and recommended by the responsible Head of Department in the report for consideration by the Chief Executive Officer.

4.26.4 The Chief Executive Officer must record the reasons for any approved deviation or ratification in terms of clauses 4.26.2.1 and 4.26.2.2, must report them at the next meeting of the Board of Directors and must include any such deviation or ratification as a note to the annual financial statements.

4.27 EMERGENCY PROCEDURE

General

4.27.1 The process set out in this clause shall be applicable in the case of an emergency procurement envisaged in clause 4.26.2.1.

4.27.2 In the event of an emergency, or in circumstances that could not have been foreseen, JOSHCO procure goods or services without following the normal procurement procedures envisaged in this policy.

4.27.3 This will typically be done in cases where there is no sufficient time to call for bids or quotations, such as events where lives are at stake, or where property or assets are damaged or endangered.

4.27.4 Emergency procurement can only be done under circumstances which could not be foreseen, and where immediate action is needed in order to relieve, prevent, or to stop a dangerous or perilous condition, misery, or defect or damage.

Solicit quotations

4.27.5 The end-user must attempt to obtain quotations for the required goods or services, but if the circumstances justify it, the end-user may select a supplier without obtaining any quotations.

Approval of Budget

4.27.6 The Chief Financial Officer or his/her delegatee must review the requisition and motivation and indicate whether there are sufficient funds available for the acquisition of the required goods or services.

4.27.7 Should the Chief Financial Officer or his/her delegatee be satisfied that sufficient funds exist, s/he must indicate his/her approval on the requisition, and also indicate from which budget the acquisition shall be made.

Notification in writing if possible

4.27.7.1 The end-user must notify the successful supplier as soon as authorization from the CEO has been obtained. Notification must be done formally in writing in the form of an appointment letter / purchase order.

4.27.7.2 If the circumstances are such that it would be better suited to notify the supplier orally, the end-user may do so, but it must be followed as soon as possible by a written confirmation.

Acceptance of appointment

4.27.7.3 Proof of acceptance and appointment must be kept for audit and contract management purposes.

Negotiation and signing of Service Level Agreement

4.27.7.4 Once the supplier has indicated acceptance of its appointment, and the circumstances allows for it, the terms and conditions of the Service Level Agreement must be negotiated and signed.

4.27.7.5 Where the circumstances are such that no Service Level Agreement can be signed immediately, it should be done as soon as possible after the delivery of the goods or services.Aknowledgement of the procurement letter must be signed by both parties where a draft SLA's process might take longer to finalize including emergencies.

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

4.28.1 The Chief Executive Officer may approve the procurement of goods and/or services under a contract secured by another organ of state, only if: -

4.28.1.1 the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;

4.28.1.2 there is no reason to believe that such contract was not validly procured;

4.28.1.3 there are demonstrable discounts or benefits to do so; and

4.28.1.4 the other organ of state and the provider has consented to such procurement in writing;

4.28.1.5 goods or services required by JOSHCO are similar to those on contract.

4.28.1.6 the goods are procured under similar terms and conditions.

4.28.2 The respective departments within JOSHCO must solicit prior approval from the Chief Executive Officer for participation in a contract established by other organs of state.

4.28.3 Clauses 4.28.1.3 and 4.28.1.4 above does not apply if JOSHCO procures goods or services through a contract secured by the City or any of its entities, however the Chief Executive Officer or delegated head of department must grant such authority in writing.

4.28.4 The above must not be exercised to defeat the purpose and intentions of the competitive bidding process and must be considered as a mechanism of last resort.

4.29 SUPPLY CHAIN MANAGEMENT COMMITTEE SYSTEMS

4.29.1 JOSHCO shall, through its Supply Chain Management committee system, ensure that the acquisition process for goods and services is open, fair and transparent.

4.29.2 The committee system ensures that objectivity, value for money and cost effective principles are espoused in all phases of the adjudication process.

4.29.3 All members of all committees shall be appointed by the Chief Executive Officer.

4.30 BID SPECIFICATION COMMITTEE

Composition

4.30.1 The Bid Specification Committee must be comprised of the following:

4.30.1.1 official from the end user department;

4.30.1.2 SCM officer as standing advisor of bid specification committee;

4.30.1.3 legal services official;

4.30.1.4 where possible the manager responsible for the function; and

4.30.1.5 when appropriate, external specialist advisors and/or City officials.

4.30.2 No person, advisor or corporate entity involved with the Bid Specification Committee, or director of such a corporate entity, may bid for any resulting bids.

Function

4.30.3 A Bid Specification Committee must compile the technical specifications for each requirement.

4.30.4 The technical specifications: -

4.30.4.1 must be drafted in an unbiased manner to allow all potential service providers to offer their goods or services;

4.30.4.2 must take account of any accepted standards such as those issued by South Africa Bureau of Standards (SABS), the International Standards Organisation (ISO), or an authority accredited or recognised by the South African National Accreditation System (SANAS);

4.30.4.3 must be functional and not be outcome based or brand inclined;

4.30.4.4 must consider the requirements of the Preferential Procurement Policy Act;

4.30.4.5 must not create trade barriers in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;

4.30.4.6 shall not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the words "equivalent";

4.30.4.7 must indicate each preferential procurement goal for which points shall be awarded in terms of the points system set out in the Preferential Procurement Policy Framework Act; and

4.30.4.8 must be approved by the Chief Executive Officer or his/her delegated nominee prior to publication of the invitation for bids.

4.31 **BID EVALUATION COMMITTEE**

Composition

4.31.1 As a minimum the Bid Evaluation Committee must be comprised of the following**:**

4.31.1.1 official from the user department;

4.31.1.2 SCM officer as standing advisor of Bid Evaluation Committee;

4.31.1.3 legal services official;

4.31.1.4 where possible the manager responsible for the function; and

4.31.1.5 when appropriate, external specialist advisors and/or City officials.

Function

4.31.2 A Bid Evaluation Committee must; -

4.31.2.1 evaluate bids in accordance with

(a) the approved specification; and

(b) the points system set out in the Preferential Procurement Policy Framework Act and incorporated in the specific bid.

4.31.2.2 evaluate each bidder's capability to execute the contract from a technical, financial and commercial perspective;

4.31.2.3 ascertain whether the bidder complies to all the general conditions as set out in the bid documents; and

4.31.2.4 submit to the Bid Adjudication Committee a report and recommendations regarding the award of the bid or any other related matter pertaining to the bid/s.

4.31.3 No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting bids.

4.31.4 The Bid Evaluation Committee must check the National Treasury's database of restricted suppliers prior to recommending any bid to ensure that no recommended bidder or any of its directors is listed as a person prohibited from doing business with the public sector.

4.32 BID ADJUDICATION COMMITTEE

Composition

4.32.1 As a minimum the Bid Adjudication Committee must be comprised of the following**:**

4.32.1.1 the Chief Financial Officer or, if the Chief Financial Officer is not available, a representative designated by the Chief Financial Officer;

4.32.1.2 a technical expert in the relevant field who is an official, if such an expert exists; and

4.32.1.3 any other officials which the Chief Executive Officer may deem appropriate.

4.32.2 The Chief Financial Officer shall be the Chairperson of the bid adjudication committees. 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 or allow the Chief Operations Officer to chair the meeting.

4.32.3 Neither a member of a Bid Evaluation Committee, nor an advisor or person assisting the Bid Evaluation Committee, may be a member of a Bid Adjudication Committee.

Function

4.32.4 A Bid Adjudication Committee must-

4.32.4.1 consider the report and recommendations compiled by the Bid Evaluation Committee; and

4.32.4.2 either-

(a) depending on its delegations, make a final award or a recommendation to the Chief Executive Officer to make the final award; or

(b) make another recommendation to the Chief Executive Officer on how to proceed with the relevant procurement.

4.32.4.3 The Bid Evaluation Committee chairperson with the assistance of a senior supply chain management practitioner in an advisory role must present the Bid Evaluation Committee report to the Bid Adjudication Committee.

4.32.4.4 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: -

(a) ensure in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;

(b) notify the Chief Executive Officer.

4.32.4.5 The Chief Executive Officer may-

(a) after due consideration of the reasons for the deviation, ratify or reject the decision of the Bid Adjudication Committee referred to in paragraph (a) above; and

(b) if the decision of the Bid Adjudication Committee is rejected, refer the decision of the Bid Adjudication Committee back to that committee for reconsideration.

4.32.5 The Chief Executive Officer may at any stage of a bidding process, refer any recommendation made by the Bid Evaluation Committee or the Bid Adjudication Committee back to that committee for reconsideration of the recommendation.

4.32.6 The Chief Executive Officer shall, in accordance with Section 114 of the Act, notify the City, Auditor-General, the Provincial Treasury and National Treasury (via Group Governance) within 10 working days where a bid, other than the one recommended in the normal course of implementing this policy, has been approved.

4.32.7 The Bid Adjudication Committees must consider all reports and recommendations of the Bid Evaluation Committee in terms of their respective mandate/Terms of References as determined from time to time.

4.32.8 The Bid Adjudication Committees shall make the award based on their

satisfaction with the integrity of the bid evaluation process being followed and compliance to the policy.

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

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

4.34 CONTRACT MANAGEMENT

4.34.1 A contract or agreement procured through the supply chain management system of an entity must:

4.34.1.1 be in writing;

4.34.1.2 stipulate the terms and conditions of the contract or agreement, which must include provisions providing for: -

(a) the termination of the contract or agreement in the case of non or under- performance;

(b) dispute resolution mechanisms to settle disputes between the parties;

(c) a periodic review of the contract or agreement once every three years in the case of a contract or agreement for longer that three year; or if material conditions change; and

(d) any other matters that may be prescribed.

4.34.2 The Head of Department/Executive Manager/ COO must: -

4.34.2.1 take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the entity is properly enforced;

4.34.2.2 monitor on a monthly basis the performance of the contractor under the contract or agreement;

4.34.2.3 establish capacity in the administration of the department-

(a) to assist the Executive Manager in carrying out the duties set out in clauses 4.34.2.1 and 4.34.2.2; and

(b) to oversee the day-to-day management of the contract or agreement;

4.34.2.4 regularly report to the relevant oversight body of the municipality, as may be appropriate, on the management of the contract or agreement and the performance of the contractor.

4.34.3 In the event that JOSHCO seeks to amend a contract concluded in terms of this clause, it can do so only after:

4.34.3.1 it has tabled before the City's council, reasons for the proposed amendment;

4.34.3.2 published to the local community is intentions to amend the contract;

4.34.3.3 inviting the local community to submit representations regarding the proposed amendments.

4.34.4 The procedure in clause 4.34.3 shall not apply if the amendment of the contract does not exceed 20% (in the case of construction works related contracts) or 15% (in the case of other goods or services) of the original value of the contract.

4.34.5 The Head of Department shall ensure the implementation and application of the Group Contract Management Policy and Framework in the process of contracting and also contract management.

4.35 SUPPLIER MANAGEMENT AND DEVELOPMENT

4.35.1 JOSHCO subscribes to sound principles and practices directed at supplier management and development to ensure the following:

4.35.1.1 equal opportunities on a rotational basis where possible for all service providers, except for continuity, compatibility, alignment and cost effectiveness of the goods and / or professional services required by JOSHCO;

4.35.1.2 development and management of SMME / EME and BBBEE; and

4.35.1.3 mutually beneficial relationships based on fairness, transparency, trust and good ethical conduct.

4.35.2 To ensure that the above-mentioned objectives are met JOSHCO must: -

4.35.2.1 keep a list of accredited prospective service providers of goods and services;

4.35.2.2 at least once a year through public invitation including the JOSHCO website **http://www.joshco.co.za/,** invite prospective service providers of goods or services to apply for accreditation and registration;

4.35.2.3 specify the listing criteria for accredited prospective service providers; and

4.35.2.4 the list will be updated at least quarterly to make provision for new registrations.

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

4.36 PENALTIES FOR ABUSE OF SUPPLY CHAIN MANAGEMENT

4.36.1 No abuse or contravention of this Policy shall be tolerated. Any abuse or contravention of the Policy shall be brought to the attention of the Chief Executive Officer for further consideration.

4.36.2 Employees who abuses or contravenes this policy shall be dealt with in terms of JOSHCO's disciplinary code and procedures.

4.36.3 Service providers and their directors who have been found guilty of abusing this policy will be barred/suspended from doing business with JOSHCO and National Treasury will be informed accordingly.

4.36.4 JOSHCO reserves the right to criminally prosecute any person found to have violated or abused this policy.

4.36.5 The JOSHCO reserves the right to cancel or not to award business to service provider/s found to have:

4.36.5.1 unfairly influenced the process of award and have been found guilty of improper conduct;

4.36.5.2 been convicted for fraud or corruption during the past 5 years;

4.36.5.3 wilfully neglected, reneged and/or failed to comply with any government, municipal or other public sector contract during the past five years; or

4.36.5.4 been listed in the Register for Bid Defaulters in terms of Section 29 of the Prevention and Combating of Corrupt Activities Act No 12 of 2004.

4.36.6 All employees are expected to assist JOSHCO in fighting corruption and to this extent are encouraged to report all suspicious acts in terms of JOSHCO's Anticorruption Policy.

5. CHAPTER 5

LOGISTICS MANAGEMENT

5.1 INVENTORY MANAGEMENT

5.1.1 JOSHCO is committed to the following principles of inventory management:

5.1.1.1 consolidation of stock items to avoid duplication and redundancy;

5.1.1.2 operating and managing the stores in an efficient and cost-effective manner;

5.1.1.3 maintaining an effective item identification system;

5.1.1.4 avoid fruitless and wasteful expenditure by disposing redundant material on time; and

5.1.1.5 designing and implementing internal control systems that seek to ensure that JOSHCO minimizes theft and avoid losses.

5.1.2 To ensure achievements of the goals set out in clause 5.1.1 above, JOSHCO will ensure that: -

5.1.2.1 items are coded to ensure each item has a unique identification number for the purposes of monitoring spending patterns on types or classes of goods and assets;

5.1.2.2 stock items are kept in clearly marked bins located in the store /warehouses to enable ease of identification at all times;

5.1.2.3 all stores / warehouses must be kept in a clean, safe, tidy and systematic condition to comply with the health and safety standards;

5.1.2.4 minimum and maximum inventory levels and lead times will be set for all categories of goods kept at the stores/warehouses to ensure continuity of supply. User departments are responsible for providing demand forecast to enable effective and efficient inventory management.

5.1.2.5 appropriate measures will be taken to minimise the risk, associated with the keeping of stock/goods, to JOSHCO, as well as management of stock- outs;

5.1.2.6 ordering and receiving of stock must be done according to the

Inventory Management Policy.

5.1.3 JOSHCO will ensure appropriate standards of internal controls and stores/ warehouse management are in place to ensure goods placed in stores are secured and only used for the purpose they were purchased;

5.1.4 JOSHCO will ensure that all assets including JOSHCO vehicles are properly managed, appropriately maintained and only used for official purposes.

5.2 ASSET DISPOSAL MANAGEMENT

5.2.1 The process of asset disposal should be transparent, competitive, equitable, fair and comply with Supply Chain Management Processes and practices;

5.2.2 The accounting officer or appropriately delegated official shall appoint on a disposal by disposal basis in writing the members of the disposal committee to decide on how best to undertake disposals.

5.2.3 The disposal panel shall comprise not less than three people. The chairperson shall be an employee of the SCM Department.

The disposal committee shall decide how best to undertake disposals relating to the demolishing or dismantling of infrastructure or part thereof, and the disposal of unwanted, redundant or surplus material, plant and equipment.

5.2.4 Where possible asset disposal transactions should be through a public bidding process or public auction;

5.2.5 The appointment of auctioneers should be through competitive bidding mechanism;

5.2.6 Prior to the disposal of assets, reasonable efforts must be made to ensure that no other organ of state may have need of the items, except for IT equipment and JOSHCO equipment, in which case the Provincial Department of Human Settlements must be given the first right of refusal;

5.2.7 Appropriate policies and procedures must be followed when donating assets that are no longer required by JOSHCO.

5.2.8 The cost of disposal in an environmentally and safe manner must be included

in the lifecycle costs assessment of all products.

5.2.9 The respective departments must assume a responsibility of ensuring that all assets are indeed redundant/ obsolete / unserviceable prior to disposal.

5.2.10 The disposal committee shall make recommendations to the CFO who shall approve the recommendations, refer the disposal strategy back to the disposal committee for their reconsideration, decide not to proceed or to start afresh with the process.

6. CHAPTER 6

RISK AND PERFORMANCE MANAGEMENT

6.1 RISK MANAGEMENT

6.1.1 JOSHCO will effectively manage risk through a system of identification, consideration and avoidance of potential risks in the supply chain management system.

6.1.2 The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are as follows:

6.1.2.1 the identification of risks on a case-by-case basis;

6.1.2.2 the allocation of risks to the party best suited to manage such risks;

6.1.2.3 acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;

6.1.2.4 the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and

6.1.2.5 the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

6.1.3 Due care must be taken in the bid administration and management process to minimise the risk of litigation by unsatisfied service provider/s.

6.1.4 The Supply Chain Management Unit must ensure where third party software or license agreement is used, the service provider must own / must have the right of use of any intellectual property attached to the license. Any damages for non-compliance will be for the suppliers account.

6.2 PERFORMANCE MANAGEMENT

The Accounting Officer through the COO and CFO 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 the policy were achieved.

7. CHAPTER 7

GENERAL MATTERS

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

7.1.1 Service providers whose tax matters are not known or have not been declared to be in order by the South African Revenue Services are not eligible to be awarded business by JOSHCO.

7.1.2 Original Tax Clearance Certificate or Pin is a mandatory requirement for all procurement mechanisms listed in this policy above R15 000 with the exception of petty cash purchases.

7.1.3 It is the service provider's responsibility to provide JOSHCO with a valid and original Tax Clearance Certificate or Pin and failure to do so will result in automatic disqualification.

7.1.4 It is an offence to deregister for VAT purposes after obtaining business from JOSHCO without advising JOSHCO accordingly.

7.1.5 Should JOSHCO establish that a service provider has deregistered after the contract award and is claiming VAT, JOSHCO will summarily cancel the contract, prohibit the offender from doing future business with JOSHCO and/or lay criminal charges against the offender. Section 43 (2 and 3) of the Supply Chain Management Regulations will be applied when necessary.

7.2 PROHIBITION ON AWARDS TO PERSONS IN THE SERVICE OF THE STATE

7.2.1 JOSHCO will not, subject to such amendments to the Act and exemptions as the Minister may promulgate from time to time, award contracts to service providers who are owned directly or indirectly by the following categories of persons-

7.2.1.1 Person in the service of the state; or

7.2.1.2 If that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in service of the state; or

7.2.1.3 who is an advisor or consultant contracted within the municipality or municipal entity.

7.3 AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE

7.3.1 Awarding of contracts by employees in decision-making positions to close family members or friends shall not be encouraged. To this extent, all senior managers shall make full disclosure of businesses owned by close family and /or friends on an annual basis and no such individuals shall directly or indirectly be involved in the awarding of such business transactions.

7.3.2 The Chief Executive Officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, which particulars shall include: -

7.3.2.1 the name of that person;

7.3.2.2 the capacity in which that person is in the service of the state; and

7.3.2.3 the amount of the award.

7.4 HANDLING PROPRIETARY INFORMATION

7.4.1 All information designed and prepared for JOSHCO is deemed as proprietary. No such information may be distributed, modified or customized for third parties without the prior written permission.

7.4.2 All service provider information shall be as treated confidential.

7.4.3 In appropriate instances, JOSHCO may require security clearance and confidentiality agreements to be entered into with service providers.

7.5 SPONSORSHIPS

7.5.1 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-

7.5.1.1 provider or prospective recipient of goods or services; or

7.5.1.2 a recipient or prospective recipient of goods disposed or to be disposed.

7.5.2 All sponsorships by JOSHCO to external organisations or parties shall be subject to such terms and conditions as the Board of Directors may determine from time to time, which terms and conditions shall be deemed to be incorporated into this Policy.

7.6 RESOLUTIONS OF DISPUTES OBJECTIONS, COMPLAINTS AND QUERIES

7.6.1 Persons or service providers aggrieved by decisions or actions taken in the implementation of Supply Chain Management system or in the awarding of business, may, within 10 days of the decision lodge a written complaint, objection or query to the Chief Executive Officer detailing the following: -

7.6.1.1 The bid or the quotation reference number;

7.6.1.2 The part of JOSHCO Policy, Regulations or Act that has been violated;

7.6.1.3 The details of the violation;

7.6.1.4 The department involved;

7.6.1.5 Relief sought:

7.6.2 Provided that no person aggrieved by any such decisions or actions shall be entitles to lodge such complaint, objection or query after expiry of the period of 1O days, unless the Chief Executive Officer has on good cause shown, condoned the late lodging thereof.

7.6.3 The Chief Executive Officer must appoint an independent or impartial person, from outside or within the City, to investigate the complaint, objection or query concerned and propose an appropriate resolution. The person so appointed must be someone who was not involved in the transaction in question.

7.6.4 Disputes relating to running contracts or completed contracts will be resolved

strictly according to the disputes resolution mechanism provided for in the contract document.

7.6.5 Provisions of this paragraph do not prohibit or infringe on the rights of any party to approach any Court of Law for appropriate relief regarding the dispute in question, provided that:

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

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

7.7 CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER

7.7.1 Should the compensation payable to any service provider be determined as an agreed percentage of turnover for the service rendered or the amount collected on behalf of JOSHCO, the contract between the service provider and JOSHCO must: -

7.7.1.1 contain a cap on the compensation payable to such service provider; and

7.7.1.2 stipulate that such compensation shall be performance based.

7.8 SCM PROCEDURE MANUAL, PRACTICE NOTES AND NATIONAL TREASURY GUIDELINES

7.8.1 The Chief Financial Officer may from time to time through the SCM Manager issue practice notes and amendments to the SCM Procedure Manual as may be deemed expedient for the implementation of this policy.

7.8.2 Any such amendments to the SCM Procedure Manual and Practice Notes referred to in clause 7.8.1 above, and any National Treasury Guidelines that may be issued by National Treasury from time to time, shall upon the issuing thereof be deemed to be incorporated in and form part of this policy.

7.9 TRAINING OF SUPPLY CHAIN MANAGEMENT EMPLOYEES

The training of employees involved in implementing this Policy will be in accordance with any applicable National Treasury guidelines on Supply Chain Management

training, South African Qualification Act 58 of 1995 and the Skills Development Act 97 of 1998.

7.10 INDUCEMENTS, REWARDS, GIFTS AND FAVOURS

7.10.1 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 of may either directly or through a representative or intermediary promise, offer or grant -

7.10.1.1 any inducement or reward to the JOSHCO for or in connection with the award of a contract; or

7.10.1.2 any reward, gift favour or hospitality to-

(a) any official; or

(b) any other role player involved in the implementation of the policy.

7.10.2 The Chief Executive Officer must promptly report any alleged contravention of clause 7.10.1 to the National Treasury for consideration 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.

7.10.3 Clause 7.10.1 does not apply to gifts less that R350 in value.

7.11 ETHICAL STANDARDS

7.11.1 The Code of Conduct for SCM practitioners and other role players involved in SCM **(the Code of Conduct)** attached to this policy as Annexure A, is hereby adopted for employees and other role players in the SCM system of JOSHCO in order to promote: -

7.11.1.1 mutual trust and respect; and

7.11.1.2 an environment where business can be conducted with integrity and in a fair and reasonable manner.

7.11.2 A breach of the Code of Conduct shall be dealt with as follows-

7.11.2.1 in the case of an employee, in terms of the disciplinary procedures of JOSHCO envisaged in section 67(1)(h) of the Municipal Systems Act;

7.11.2.2 in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach; and

7.11.2.3 in all cases, financial misconduct must be dealt with in terms of Chapter 15 of the Act.

ANNEXURE A

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

1. **PURPOSE**

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

(a) mutual trust and respect; and

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

1.2 Failure to adhere to this Code shall not be tolerated and shall be punishable by JOSHCO.

2. **GENERAL PRINCIPLES**

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

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

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

3. **EMPLOYEE ETHICAL CONDUCT**

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

(i) must treat all providers and potential providers equitably;

(ii) may not use his or her position for private gain or to improperly benefit another person;

(i) must not infer with Supply Chain Management processes and system in order to influence the outcome of an award by tempering with any price quotations and bids;

(ii) must keep all information, including service providers information, as confidential. Only the duly authorized official will communicate the outcome of the bidding process;

(iii) must not be soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters;

(iv) must not exploit errors in price quotations / bids;

(v) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;

(vi) must declare to the Chief Executive Officer and Chief Financial Officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person and record them on the declaration register to be kept by each manager and signed off on quarterly basis by the respective delegated employee;

(vii) must declare to the Chief Executive Officer and Chief Financial Officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by JOSHCO;

(viii) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;

(ix) must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;

(x) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties;

(xi) should not take improper advantage of their previous office after leaving their official position; and

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

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

3.2 JOSHCO is committed to the highest standard of integrity and any employee transgressing this code will be dealt with in accordance with JOSHCO Disciplinary Code of Conduct.

4. **RECORD KEEPING**

4.1 The Human Resource Department must keep an up to date gift register and records of all declarations made by the employees with regards to:-

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

4.2 JOSHCO must keep records of all declarations.

5. **SERVICE PROVIDERS ETHICS**

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

(a) must not induce or reward the employees for contract awarded or to be awarded;
(b) must not put undue pressure on employees;
(c) must not assist or offer financial relief to employees in financial difficulties;

(d) must not request from employees information about JOSHCO's operations or competitors information; and

(e) must not offer favours or hospitality to employees of which the value thereof is above R350.

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

ANNEXURE B

DELEGATIONS OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES

1. DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES TO THE CHIEF EXECUTIVE OFFICER

1.1 The Board of Directors hereby delegates the following powers and duties to the Chief Executive Officer, excluding those directly assigned to the Chief Executive Officer as accounting officer in terms of the Act and any other applicable legislation, which are necessary to enable the Chief Executive Officer-

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

1.1.1.1 Chapter 8, 10 and 11 of the Act;

1.1.1.2 The Supply Chain Management Policy of JOSHCO;

(a) In line with the approved Delegation of authority of the organization.

1.1.2 to maximize administrative and operational efficiency in the implementation of the Policy;

1.1.3 to enforce reasonable and cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this policy.

1.1.4 to approve the composition of any Bid Specification and Bid Evaluation Committees; and

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

1.2 JOSHCO CEO may sub-delegate any power and duty delegated to him in terms of clause 1.1 to any official or to a committee which is exclusively composed of officials of JOSHCO.

2. DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES BY

JOSHCO CEO

2.1 The Chief Executive Officer, in terms of section 79 of the Act, hereby sub- delegates, subject to sub-paragraph 2 below, the following Supply Chain Management powers and duties assigned to the Chief Executive Officer in terms of the Act: -

2.1.1 to the Chief Financial Officer for the implementation of Supply Chain Management policies and practices in terms of this Policy, the Act and its Regulations;

2.1.2 to the Bid Adjudication Committee, the power to make a recommendation to the Accounting Officer to make final awards per the delegation of authority:

2.2 The SCM manager is a permanently appointed individual who is charged with the day to day management and administration of SCM for JOSHCO in consultation with the CFO and COO where there are grey areas. The responsibilities of the SCM Manager include:

2.2.1 Approval of purchases per the delegation of authority;

2.2.2 Processing requisitions, obtaining quotations, placing orders and monitoring payments;

2.2.3 SCM record keeping;

2.2.4 Participation in the evaluation of bids;

2.2.5 Reviewing the bid specifications and bid documents prior to bids being called in terms of cost, time and quality, and where necessary assist the end-user to compile specifications which clearly outline the JOSHCO's requirements in terms of cost, time and quality;

2.2.6 Account to and submit regular reports to the CFO, specifying acquisitions made during certain periods;

2.2.7 Submit periodic reports to the COJ / National Treasury on BBB-EE spending and acquisitions made;

2.2.8 Review the performance of all appointed service providers on a quarterly basis or when complaints about their performance are brought to their attention;

2.2.9 Must ensure that no procurement requirement is divided into separate components or a succession of orders for the same goods or services, in order to enable the user to use a certain procurement method instead of another, which method should be used for the full value of the acquisition;

2.2.10 Manage contracts with external service providers in terms of a contract system;

2.2.11 Obtain the input from any specialists in the preparation or review of bid documents and specifications, as well as in the adjudication and award of bids;

2.2.12 Assist the end-user with the adjudication and award of bids and placing of orders within their delegated levels of authority;

2.2.13 Refer any bids to the Bid Adjudication Committee, for recommendation or approval as required in terms of the delegated levels of authority;

2.2.14 Has the right and the responsibility to question any requisition regarding either the future maintenance of, or the quality specified for the purchase, if in his / her judgment the request is out of line with current usage.

2.2.15 Must check whether all purchase requests have been authorized by the manager responsible for that department;

2.3 Must check whether all requirements made by departments are in line with budget requirements. Where it is not in line, ensure that prior approval from the COO/ CFO is obtained; and

2.4 Present all purchase orders above R200 000 to the CFO or COO for approval.

2.5 Ensure that staff adhere to this policy when procuring goods and services;

2.6 Ensure that no member of the Bid Evaluation Committee interferes with, or changes, any predefined measurement criteria during the evaluation of bids;

2.7 Ensure that no member of the Bid Adjudication Committee interferes with, or changes, any predefined measurement criteria during an adjudication;

2.8 Ensure that both the evaluation and adjudication processes are clearly documented, and that it complies with the evaluation framework, process and Approval Authority:

2.9 Approval of Unplanned Repairs & Maintenance on Housing Projects/Units:

2.9.1 Unplanned repairs & maintenance on housing projects / units relates to repair and maintenance jobs logged by tenants / housing supervisors and which requires JOSHCO to carry out necessary work in restoring the condition of the project / unit to a usable state. The following conditions must be considered in these regards before approval is granted:

2.9.2 The pricing of the jobs must be in accordance with the pricing schedule approved by the SCM division at the commencement of each calendar year; and

2.9.3 The repair and maintenance jobs must be assigned to the service providers allocated to each project as determined by the SCM division on an annual.

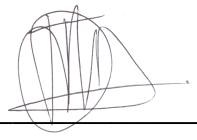
2.10 Any variation to these conditions must be approved by the CEO and CFO. The officials permitted to approve these repair and maintenance jobs will be either one of the following persons:

2.10.1 The SCM Manager;

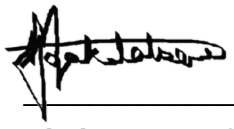
2.10.2 The Chief Financial Officer/ Chief Operations Officer, or

2.10.3 The Chief Executive Officer.

2.11 Approval of repairs and maintenance jobs must be per the delegation of authority. Jobs cannot be split with the intention of evading the approval levels. All planned repair and maintenance jobs do not fall within the ambit of this section.



Chief Executive Officer



Chairperson of the Board