

Table of Contents

Definitions 9

CHAPTER 1 15

ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY 15

CHAPTER 2 21

FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT POLICY 21

Format of supply chain management policy: 21

Part 1: Demand management 21

System of demand management 21

Planning and stipulation of preference point system to be used 23

Verification by the Chief Financial Officer prior to advertisement of bids above R10 million 23

Verification from the Chief Financial Officer prior to the award of contracts above the value of R10 000 000 24

Confirmation of bidding process for bids in excess of R10 000 000 (all applicable taxes included)..... 24

Legal sound written contracts or service level agreements 25

Publication of awards in respect of advertised competitive bids (above the threshold value of R200 000) 25

Placing of orders for payment in another financial year..... 25

Management of expansion or variation of orders against the original contract..... 26

Part 2: Acquisition management 26

System of acquisition management 26

Range of procurement processes 27

- General preconditions for consideration of written quotations or bids 28
- Lists of accredited prospective providers 30
- Petty cash purchases 30
- Written or verbal quotations 31
- Formal written price quotations 32
- Procedures for procuring goods or services through written or verbal quotations and formal written price quotations 32
- Competitive bids..... 33
- Process for competitive bidding 33
- Bid documentation for competitive bids..... 34
- Public invitation for competitive bids..... 35
- Procedure for handling, opening and recording of bids 36
- Negotiations with preferred bidders..... 37
- Two-stage bidding process 37
- (2) First stage: 37
- Second stage: 38
- Committee system for competitive bids..... 38
- Bid specification committees 39
- Bid evaluation committees 40
- Evaluation of bids 40
- Evaluation of functionality..... 41
- Evaluation in terms of the 80/20 or the 90/10 preference point systems 43
- The 80/20 preference point system 43
- Price evaluation under the 80/20 preference point system..... 43
- Calculation of points for B-BBEE status level of contribution under the 80/20 preference point system 44

The 90/10 preference point system	45
Calculation of points for B-BBEE status level of contribution under the 90/10 preference point system	46
Evaluation of bids that scored equal points	47
Cancellation and re-invitation of bids.....	47
Withdrawal of the tender	48
Award of points to bidders not scoring the highest number of points	48
Broad-based Black Economic Empowerment Status Level Certificates.....	49
Discounts	49
Subcontracting	49
Services rendered by Tertiary Institutions and Public Entities.....	51
Remedies	51
Tax Clearance.....	52
Bidding Documents	52
Sale and Letting of Assets.....	53
Local Production and Content, B-BBEE, Status Level Certificates, Conditions, Declarations, Remedies, Tax Clearance, Repeal of Regulations and Short Title and Commencement.....	53
Non-designated Sectors.....	54
First stage - Evaluation of bids based on a stipulated minimum threshold for local production and content.....	55
Second stage - Evaluation in terms of the 80/20 or the 90/10 preference point systems	55
Bid adjudication committees.....	56
Procurement of banking services	57
Procurement of IT related goods or services.....	57

Procurement of goods and services under contracts secured by other organs of State	58
Procurement of goods necessitating special safety arrangements	58
Proudly SA Campaign	59
Appointment of consultants	59
Deviation from, and ratification of minor breaches of, procurement processes	59
Unsolicited bids	60
Combating of abuse of supply chain management system	61
Publication of bidders in respect of advertised competitive bids, above the threshold value of R200 000 (all applicable taxes included)	63
Part 3: Logistics, Disposal, Risk and Performance Management	64
Logistics management	64
Disposal management.....	65
Risk management	66
Performance management.....	66
Part 4: Other matters.....	66
Prohibition on awards to persons whose tax matters are not in order	66
Prohibition on awards to persons in the service of the state	67
Awards to close family members of persons in the service of the state	67
Ethical standards.....	67
Inducements, rewards, gifts and favours to municipal entities, officials and other role players.....	69
Sponsorships	69
Objections and complaints	70
Resolution of disputes, objections, complaints and queries	70
Contracts providing for compensation based on turnover	71
Commencement.....	71

ANNEXURE A.....	71
PREFERENTIAL PROCUREMENT POLICY.....	71
1. POLICY STATEMENT	71
2. POLICY OBJECTIVE	72
3. PRINCIPLES.....	72
4. RESPONSIBILITIES	73
5. STRATEGIC INTERVENTIONS.....	74
ANNEXURE B.....	75
JOHANNESBURG ROADS AGENCY.....	75
CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT PRACTITIONERS AND OTHER ROLE PLAYERS	75
1. General Principles	75
2. Conflict of interest.....	75
3. Accountability	76
4. Openness.....	77
5. Confidentiality.....	77
6. Bid Specification / Evaluation / Adjudication Committees.....	78
7. Combative Practices	78

1. Definitions

CHAPTER 1

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Supply chain management policy
3. Adoption and amendment of supply chain management policy
4. Delegation of supply chain management powers and duties
5. Sub-delegations
6. Oversight role of council or board of directors of municipal entity
7. Supply chain management units
8. Training of supply chain management officials

CHAPTER 2

FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT POLICIES

9. Format of supply chain management policy

Part 1: Demand management

10. System of demand management

Part 2: Acquisition management

11. System of acquisition management
12. Range of procurement processes
13. General preconditions for consideration of written quotations or bids
14. Lists of accredited prospective providers
15. Petty cash purchases
16. Written or verbal quotations
17. Formal written price quotations
18. Procedures for procuring goods or services through written or verbal quotations and formal written price quotations

19. Competitive bids
20. Process for competitive bidding
21. Bid documentation for competitive bids
22. Public invitation for competitive bids
23. Procedure for handling, opening and recording of bids
24. Negotiations with preferred bidders
25. Two-stage bidding process
26. Committee system for competitive bids
27. Bid specification committees
28. Bid evaluation committees
29. Bid adjudication committees
30. Procurement of banking services
31. Procurement of IT related goods or services
32. Procurement of goods and services under contracts secured by other organs of state
33. Procurement of goods necessitating special safety arrangements
34. Proudly SA Campaign
35. Appointment of consultants
36. Deviation from, and ratification of minor breaches of, procurement processes
37. Unsolicited bids
38. Combating of abuse of supply chain management system

Part 3: Logistics, Disposal, Risk and Performance Management

39. Logistics management
40. Disposal management
41. Risk management
42. Performance management

Part 4: Other matters

43. Prohibition on awards to persons whose tax matters are not in order
44. Prohibition on awards to persons in the service of the state

45. Awards to close family members of persons in the service of the state
46. Ethical standards
47. Inducements, rewards, gifts and favours to municipalities, municipal entities, officials and other role players
48. Sponsorships
49. Objections and complaints
50. Resolution of disputes, objections, complaints and queries
51. Contracts providing for compensation based on turnover
52. Commencement
53. Annexure A: Preferential Procurement Policy.
54. Annexure B: Code of Good Conduct.

Definitions

1. 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 -

“accounting officer” – In relation to a municipality, means the municipal official referred to in section 60; in relation to a municipal entity, means the official of the entity referred to in section 93, and also includes acting as the accounting officer;

“allocation”, in relation to a municipality, means—

(a) a municipality’s share of the local government’s equitable share referred to in section 214(1)(a) of the Constitution;

(b) an allocation of money to a municipality in terms of section 214(1)(c) of the Constitution;

(c) an allocation of money to a municipality in terms of a provincial budget; or

(d) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

“Annual Division of Revenue Act” means the Act of Parliament which must be enacted annually in terms of section 214 (1) of the Constitution;

“annual report”, in relation to a municipality or municipal entity, means the annual report contemplated in section 121;

“approved budget” means an annual budget – approved by a municipal council; or approved by a provincial or the national executive following an intervention in terms of section 139 of the Constitution, and includes such an annual budget as revised by an adjustments budget in terms of section 28;

“Auditor-General” means the person appointed as an Auditor-General in terms of section 193 of the Constitution, and includes a person-

(a) acting as Auditor-General;

(b) acting in terms of a delegation by the Auditor-General; or

(c) designated by the Auditor-General to exercise a power or perform a duty of the Auditor-General;

“basic municipal service” means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

“board of directors”, in relation to a municipal entity, has the meaning assigned to it in section 1 of the Municipal Systems Act;

“Budget Forum” has the meaning assigned in section 1 of the Intergovernmental Fiscal Relations Act, 1997 (Act 97 of 1997);

“budget-related policy” means a policy of a municipality affecting or affected by the annual budget of the municipality, including –

(a) the tariffs policy which the municipality must adopt in terms of section 74 of the Municipal Systems Act;

(b) the rates policy which the municipality must adopt in terms of legislation regulating municipal property rates; or

(c) the credit control and debt collection policy which the municipality must adopt in terms of section 96 of the Municipal Systems Act;

“budget year” means the financial year for which an annual budget is to be approved in terms of section 16(1);

“category”, in relation to municipalities, means a category A, B or C municipality referred to in section 155(1) of the Constitution;

“chief financial officer” means a person designated in terms of section 80(20(a));

“CIDB” means the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000);

“councillor” means a member of the municipal council;

“creditor”, in relation to a municipality, a person to whom money is owing by the municipality;

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

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

“current year” means the financial year which has already commenced, but not yet ended;

“debt” means-

(a) a monetary liability or obligation created by a financing agreement, note, debenture, bond, or overdraft, or by the issuance of municipal debt instruments; or

(b) contingent liability such as that created by guaranteeing monetary liability or obligation of another;

“**delegation**”, in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

“**district municipality**” means a municipality that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155 (1) of the Constitution as a category C municipality;

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

“**financial recovery plan**” means a plan prepared in terms of section 141;

“**financial statements**” in relation to municipality or municipal entity, means statements consisting of at least-

(a) a statement of financial position;

(b) a statement of financial performance;

(c) a cash-flow statement;

(d) any other statements that may be prescribed; and

(e) any notes to these statements

“**financial year**” means a year ending on 30 June;

“**financing agreement**” includes any loan agreement, lease, instalment purchase contract, or hire purchase arrangement under which a municipality undertakes to repay a long-term debt over a period of time;

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

“**fruitless and wasteful expenditure**” means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

“**Head**” in relation to the Municipal Finance Recovery Service, means a person-appointed in terms of section 159 as the Head of the Service; or acting as the Head of the Service;

“**in the service of the state**” means to be -

- (a) a member of -
- (i) any municipal council ;
 - (ii) any provincial legislature; or
 - (iii) the National Assembly or the National Council of Provinces;
- (b) a member of the board of directors of JRA;
- (c) an official of any municipality or JRA;
- (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No . 1 of 1999);
- (e) a member of the accounting authority of any national or provincial public entity; or
- (f) an employee of Parliament or a provincial legislature;
- “irregular expenditure”** in relation to the JRA, means-
- (a) expenditure incurred by the JRA in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170 of the Local Government: Municipal Finance Management Act;
 - (b) expenditure incurred by the JRA in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
 - (c) expenditure incurred by the JRA in contravention of, or that is not in accordance, with a requirement of the Public Office-Bearers Act, 1998 (Act 20 of 1998); or
 - (d) expenditure incurred by the JRA in contravention of, or that is not in accordance with, a requirement of the Supply Chain Management Policy of the JRA *or any of the municipality’s by-laws giving effect to such policy or by-law, but excludes expenditure by a municipality which falls within the definition of ‘unauthorised expenditure’*;
- “investment”** in relation to funds of the JRA – the placing on deposit of funds of the JRA with a financial institution; or the acquisition of assets with funds of the JRA not immediately required, with the primary aim of preserving those funds;
- “lender”** in relation to the JRA means a person who provides debt finance to the JRA;
- “long-term contract”** means a contract with a duration period exceeding one year;
- “list of accredited prospective providers”** means the list of accredited prospective providers which the JRA must keep in terms of paragraph 14 of this Policy;

“month” means one of the twelve (12) months of a calendar year;

“official” means-

(a) an employee of the JRA;

(b) a person seconded to the JRA to work as a member of the staff of the JRA; or

(c) a person contracted by the JRA to work as a member of the staff of the JRA otherwise than as an employee;

“overspending” means-

(a) in relation to the budget of a municipality, means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year’s budget for its operational or capital expenditure, as the case may be;

(b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or

(c) in relation to expenditure under section 26, means causing expenditure under that section to exceed the limits allowed in subsection (5) of that section;

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

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

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

and

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

“past financial year” means the financial year preceding the current year;

“quarter” means any of the following periods in a financial year:

(a) 1 July to 30 September;

(b) 1 October to 31 December;

(c) 1 January to 31 March; or

(d) 1 April to 30 June;

“short-term debt” means debt repayable over a period not exceeding one year;

“Supply Chain Management Code of Conduct” means the National Treasury’s Code of Conduct for Supply Chain Management Practitioners and other role players;

“Systems Act” means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)

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

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

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

“Two-stage bidding process” means the two-stage bidding process referred to in 25(1);

“unauthorised expenditure” means any expenditure incurred by the JRA otherwise than in accordance with section 15 or 11(3) of the Local Government: Municipal Finance Management Act, and includes—

- (a) overspending of the total amount appropriated in the JRA's approved budget;
- (b) overspending of the total amount appropriated for a vote in the approved budget;
- (c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- (d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- (e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of “allocation” otherwise than in accordance with any conditions of the allocation; or
- (f) a grant by the JRA otherwise than in accordance with this Act;

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

CHAPTER 1

ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

Supply chain management policy

(1) All officials and other role players in the supply chain management system of the JRA must implement this Policy in a way that-

- (a) gives effect to -
 - (i) section 217 of the Constitution ; and
 - (ii) part 1 of Chapter 11 and other applicable provisions of the Act;
- (b) is fair, equitable, transparent, competitive and cost effective ;
- (c) complies with -
 - (i) the Regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
- (d) is consistent with other applicable legislation;
- (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
- (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

(2) The JRA must, in addition to complying with subparagraph (1), apply this Policy, to the extent determined by the City of Johannesburg, in a way that is consistent with the supply chain management policy of the City of Johannesburg.

(3) This Policy applies when the JRA-

- (a) procures goods or services;
- (b) disposes goods no longer needed;
- (c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or

(4) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act except where specifically provided otherwise in this Policy, including-

- (a) the provision of goods or services to the municipality or municipal entity;
- (b) the procurement of goods and services under a contract secured by that other organ of state, provided that the relevant supplier has agreed to such procurement;
- (c) water from the Department of Water Affairs or a public entity, another municipality or another municipal entity; and
- (d) electricity from Eskom or another public entity, another municipality or another municipal entity

Adoption and amendment of the supply chain management policy

3.(1) The accounting officer must -

- (a) at least annually review the implementation of this Policy; and
- (b) when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the board of directors .

(2) If the accounting officer submits proposed amendments to the board of directors that differ from the model policy issued by the National Treasury, the accounting officer must-

- (a) ensure that such proposed amendments comply with the Regulations; and
- (b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.

(3) When amending this supply chain management policy, the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

Delegation of supply chain management powers and duties

4.(1) The board of directors hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer -

(a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of -

- (i) Chapter 8 or 10 of the Act; and
- (ii) this Policy;

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

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

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

(2) Sections 79 and 106 of the Act apply to the sub-delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1);

(3) The accounting officer may not sub-delegate any supply chain management powers or duties to a person who is not an official of the JRA or to a committee which is not exclusively composed of officials of the JRA;

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

Subdelegations

5.(1) The accounting officer may in terms of section 79 or 106 of the Act, subdelegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub-delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.

(2) The power to make a final award-

(a) above R10 million (VAT included) may not be sub-delegated by the accounting officer;

(b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be subdelegated but only to -

- (i) the chief financial officer; or

(ii) a senior manager (Head-CS ; Head :BI, Head: Business Mobility Networks-, Head: Business Infrastructure Development; Head: Business Planning and Development :); or
(iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or

(c) not exceeding R2 million (VAT included) may be sub-delegated but only to -

(i) the chief financial officer;

(ii) a senior manager (Head-CS ; Head :BI, Head: Business Mobility Networks-, Head: Business Infrastructure Development; Head: Business Planning and Development (iii) a manager directly accountable to the chief financial officer or a senior manager; or a bid adjudication committee.

(3) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including-

(a) the amount of the award;

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

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

(4) A written report referred to in subparagraph (3) must be submitted -

(a) to the accounting officer, in the case of an award by -

(i) the chief financial officer;

(ii) a senior manager; or

(iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or

(e) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by-

(i) a manager referred to in subparagraph (2)(c)(iii); or

(ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.

(5) Subparagraphs (3) and (4) of this Policy do not apply to procurements out of petty cash.

(6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been subdelegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

(7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

Oversight role of board

6.(1) The board of directors reserves its right to maintain oversight over the implementation of this Policy.

(2) For the purposes of such oversight the accounting officer must –

In the case of the JRA

(a) (i) within 20 days of the end of each financial year, submit a report on the implementation of this Policy to the board of directors, who must then submit the report to the accounting officer of the City of Johannesburg for submission to the council; and

(ii) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the board of directors, who must then submit the report to the accounting officer of the City of Johannesburg for submission to the council.

(3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the board of directors.

(4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

Supply chain management unit

7.(1) A supply chain management unit is hereby established to implement this Policy.

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

Training of supply chain management officials

8. The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training.

CHAPTER 2
FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT POLICY

Format of supply chain management policy:

9. This Policy provides effective systems for –

- (i) demand management;
- (ii) acquisition management;
- (iii) logistics management;
- (iv) disposal management;
- (v) risk management; and
- (vi) performance management.

Part 1: Demand management

System of demand management

10.(1) The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the JRA to support its operational commitments and its strategic goals outlined in the Integrated Development Plan.

(2) The demand management system must -

- (a) include timely planning and management processes to ensure that all goods and services required by the JRA are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
- (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and
- (c) provide for the compilation of the correct and complying required specifications in time to ensure that its needs are met.
- (d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximised.
- e) to ensure that all specifications are aligned to the latest technology in the industry

f) provide for the approval of all specifications by the Head of the department requesting the services or goods

Planning and stipulation of preference point system to be used

- (a) The JRA must, prior to making invitation for bids,
 - (i) Properly plan for, and, as far as possible, accurately estimate the costs of the provision of services, works or goods for which an invitation for bids is to be made;
 - (ii) Determine and stipulate the appropriate preference point system to be utilised in the evaluation and adjudication of the bids; and
 - (iii) Determine whether the services, works or goods for which an invitation for bids is to be made, has been designated for local production and content where applicable.
- (b) The accounting officer of the JRA or another delegated official must submit the annual procurement plan in the require format to the accounting officer of the City of Johannesburg.
- (c) The annual procurement plan must include all planned procurement for the financial year in respect of the procurement of goods, services and infrastructure projects which exceed R200 000 (including all applicable taxes).
- (d) All user departments are required to submit their procurement plans to the Operations Manager: Supply Chain Management, in order to improve planning management of resources.

Verification by the Chief Financial Officer prior to advertisement of bids above R10 million

- (a) The following information must be submitted by the Senior Manager responsible for the Vote to the CFO prior to the public advertisement of any bids in excess of R10 000 000 (all applicable taxes included):
 - (i) Proof that budgetary provision exists for procurement of the goods, services and/or infrastructure projects;
 - (ii) Any ancillary budgetary implications related to the bid, for example, if the project is for a municipal asset, does the budgetary provision exist for the operation of the asset, maintenance costs related to the asset, administration costs and rehabilitation/renewal costs;
 - (iii) Any multi-year budgetary implications, for example, if a project will take more than one financial year, the estimated expenditure per financial year;

- (iv) Goods, services and or infrastructure projects above the value of R10 000 000 (all applicable taxes included) may only be advertised after the CFO has verified in writing that budgetary provision exists for the commencement of the particular project; and
- (v) Requirements may not be deliberately split into parts or items of lesser value merely to avoid the information being submitted.

Verification from the Chief Financial Officer prior to the award of contracts above the value of R10 000 000

- (a) Contracts above the value of R10 000 000 (all applicable taxes included) may only be awarded to the preferred bidder after the Chief Financial Officer has verified in writing that the budgetary provision exists for the acquisition of the goods, infrastructure and/or services and that it is consistent with the Integrated Development Plan.

Confirmation of bidding process for bids in excess of R10 000 000 (all applicable taxes included)

- (a) During the competitive bidding and adjudication processes or before the award of a contract, the accounting officer may, at his or her discretion, specifically request the internal audit function to carry out audit procedures and provide an opinion on compliance of the bidding process with the Johannesburg Roads Agency's Supply Chain Management Regulations.
- (b) In instances where the bids involve internal audit service, the audit of the bidding process may be outsourced to an independent external service provider or internal audit function of another organ of state, subject to the oversight of the Audit Committee.
- (c) The Accounting Officer may at his or her discretion, decide to have a specific contract audited by external service providers prior to the award of the contract.

Legal sound written contracts or service level agreements

(a) The Accounting Officer must ensure that all written contracts or service level agreements that are entered into by his/her respective institution are legally sound in order to avoid potential litigation and minimising possible fraud and corruption.

(b) The contracts or service level agreements must be actively managed in order to ensure the Johannesburg Roads Agency and the contractor meet their respective obligations.

Publication of awards in respect of advertised competitive bids (above the threshold value of R200 000)

(a) Section 75(1)(g) of the MFMA prescribes that the accounting officer of a municipality must place on the website all supply chain management contracts above a prescribed value. Municipal Supply Chain Management Regulation 23 (c) requires of accounting officers of municipalities and municipal entities to publish their bid results on the website. This relates to bids above R200 000 (including all applicable taxes).

(b) The following information on the successful bids must be made available on the municipal or municipal entity's website:

- (i) Contract numbers and description of goods, services or infrastructure projects;
- (ii) Names of the successful bidder(s) and the B-BBEE level of contribution claimed;
- (iii) The contract price(s), and;
- (iv) Brand names and dates for completion of contracts.

Records of such publication must be retained for audit purposes.

Placing of orders for payment in another financial year

(a) Accounting officers of municipalities and municipal entities are prohibited from deliberately placing orders for goods, services and/or infrastructure projects from suppliers, receiving such goods, services and/or infrastructure projects and arranging with suppliers for such goods, services and/or infrastructure projects to be invoiced and paid for in another financial year.

(b) The prohibition above does not apply to multi-year contracts and projects adopted over multi-years in terms of MFMA sections 19 and 33.

Management of expansion or variation of orders against the original contract

(a) It is recognised that, in exceptional cases, an accounting officer of the JRA may deem it necessary to expand or vary orders against the original contract.

(b) The accounting officer of the JRA may vary or expand construction related goods, services and/or infrastructure projects by not more than 20% of the original value of the contract. All other goods and/or services may be expanded or varied by not more than 15% of the original value of the contract.

(c) Anything beyond the abovementioned thresholds must be reported to the board of directors.

(d) Any expansion or variation in excess of these thresholds must be dealt with in terms of the provisions of section 116(3) of the MFMA which will be regarded as an amendment to the contract. In terms of Section 116(3), the JRA is required to amend the contract only after the following have been addressed:

(i) The reasons for the proposed amendment have been tabled in the council of the City of Johannesburg; and

(ii) the local community has been given reasonable notice of the intention to amend the contract or agreement and has been invited to submit representations to the municipal entity.

The contents of the above paragraph are not applicable to transversal term contracts, facilitated by the Gauteng Provincial Treasury on behalf of the JRA and, specific term contracts. Specific term contracts refer to orders placed as and when commodities are required and at the time of awarding contracts, the required quantities were unknown.

Part 2: Acquisition management

System of acquisition management

11.(1) The accounting officer must implement an effective system of acquisition management set out in this Part in order to ensure -

(a) that goods and services are procured by the JRA in accordance with authorised processes only;

(b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;

(c) that the threshold values for the different procurement processes are complied with ;

(d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and

(e) that any Treasury guidelines on acquisition management are properly taken into account.

(2) When procuring goods or services contemplated in section 110(2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than through the JRA's supply chain management system, including -

(a) the kind of goods or services; and

(b) the name of the supplier.

(3) This Policy does not , except where provided otherwise in this Policy, apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –

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

(b) Electricity from Eskom or another public entity, another municipality or a municipal entity.

Range of procurement processes

12.(1) Goods and services may only be procured by way of –

(a) petty cash purchases, up to a transaction value of R2000 (VAT included);

(b) written or verbal quotations for procurements of a transaction value over R2000 up to R10 000 (VAT included);

(c) formal written price quotations for procurements of a transaction value over R10 000 up to R200 000 (VAT included); and

(d) a competitive bidding process for procurements above a transaction value of R200 000 (VAT included); and the procurement of long-term contracts.

(2) The accounting officer may, in writing-

(a) lower, but not increase, the different threshold values specified in subparagraph (1);

or

(b) direct that-

(i)(i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000;

(ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000; or

(iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.

Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of this Policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

General preconditions for consideration of written quotations or bids

(13) (1) A written quotation or bid may not be considered unless the provider who submitted the quotation or bid-

(a) has furnished that provider's-

(i) full name;

(ii) identification number or company or other registration number; and

(iii) tax reference number and VAT registration number, if any;

(b) has authorised the JRA to obtain a tax clearance certificate from the South African Revenue Service that the provider's tax matters are in order; and

(c) has indicated-

(i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;

(ii) if the provider is not a natural person, whether any of its directors, trustees, managers, principal shareholders or stakeholder is in the service of the state , or has been in the service of the state in the previous twelve months; or

(iii) whether a spouse, child or parent of the provider or of a director, trustee, manager, shareholder or stakeholder referred to in subparagraph(ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

(d) has submitted the names of its directors, trustees or shareholders, their individual identity numbers, personal tax reference numbers and employee numbers of those who are in the service of the state. This applies to all written price quotations, advertised competitive bids, limited bids, unsolicited bids and proposals.

(2) (a) The accounting officer of the JRA must utilise the MDB 4 form when inviting bids and to verify the identity numbers of directors, trustees or shareholders of the preferred bidder/s against the JRA's staff establishment in order to determine whether or not any of the directors, trustees, shareholders are employees of the JRA. The verification of the above-mentioned information must take place during the evaluation process.

(b) In instances where a director, trustee or shareholder declares he/she is in the employment of the state, the JRA must not make any award to such a bidder as this is prohibited in terms of the Supply Chain Management Regulations.

(c) It is understood that the JRA may not have access to all HR databases across government and entities to verify upfront whether a prospective bidder is in the service of the state as defined in the Supply Chain Management Regulations. It is therefore understood that the JRA will not be able to verify this information but will rely on the content and disclosure made by the bidders.

(d) In instances where it comes to the light that a false declaration was made by the bidder after the JRA had awarded the bid, the contract must immediately be suspended and payments made, recovered. False declarations by the bidders can be viewed as a criminal offence and charges must be laid by the JRA with the South African Police Service for further investigation. The details of such bids must be reported to the City of Johannesburg's Council at its next meeting and information contained in the annual report of the JRA.

(e) In the event that the Auditor-General detects irregular expenditure during the audit process as a result of possible false declarations and subsequent awards based on those declarations, the JRA will be informed of such irregular expenditure. When this

information is reported to the JRA, the JRA must rectify this by instituting necessary remedial measures, by investigating the matter, recovering the funds spent, instituting disciplinary proceedings against those liable for such actions and criminal prosecution as may be appropriate. The accounting officer must also apply the remedial measures contained under "Termination Default" in the General Conditions of Contract. The expenditure will not be classified as irregular expenditure at this stage.

(f) In the event that the same expenditure is detected in the following year's audit and the remedial measures referred to above were not instituted, the expenditure will then be classified as irregular expenditure.

Lists of accredited prospective providers

14 (1) The accounting officer must-

(i) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and

(ii) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;

(b) specify the listing criteria for accredited prospective providers; and

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

(2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.

(3) The list must be compiled per commodity and per type of service.

Petty cash purchases

15. The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1) (a) of this Policy, are as follows –

- (a) a maximum of four petty cash purchases up to a maximum of R2000 inclusive of VAT is allowed for each manager per month ;
- (b) a monthly reconciliation report from each manager must be provided to the chief financial officer, including-
 - (i) the total amount of petty cash purchases for that month; and
 - (ii) receipts and appropriate documents for each purchase.

Exclusions on Petty Cash Purchases

The following exclusions apply on Petty Cash Purchases:

- a) Items that are normally bought on an existing approved contract
- b) Items that are not directly for purposes of JRA business operations eg food etc

Written or verbal quotations

16. The conditions for the procurement of goods or services through written or verbal quotations are as follows:

- (a) Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the JRA, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
- (b) to the extent feasible, providers must be requested to submit such quotations in writing;
- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;
- (d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices, and
- (e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

Formal written price quotations

17(1) The conditions for the procurement of goods or services through formal written price quotations, are as follows:

- (a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the JRA;
- (b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer; and
- (d) the accounting officer must record the names of the potential providers and their written quotations.

(2) A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

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

18. The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations is as follows:

- (a) when using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
- (b) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven (7) days on the website and an official notice board of the JRA;*
- (c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;

(d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation;

(e) *offers below **R30 000 (VAT included)** must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;*

(f) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;

(f) Complete records of all requested, received, awarded and cancelled verbal, written or formal written price quotations must be kept;

(g) Appropriate disciplinary action must be taken against any official who is found guilty of abusing the process of sourcing verbal, written or formal written price quotations.

(h) The accounting officer must take all reasonable steps to ensure that the procurement of goods and services through written or verbal quotations or formal written price quotations is not abused

(i) that the accounting officer or chief financial officer must, on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation; and requirements for proper record keeping.

Competitive bids

19. (1) Goods or services above a transaction value of **R200 000** (VAT included) and long-term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this policy.

(2) No requirement for goods or services above an estimated transaction value of **R200 000** (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

Process for competitive bidding

20. The procedures for different stages of a competitive bidding process are as follows:

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

Bid documentation for competitive bids

21 The criteria to which bid documentation for a competitive bidding process must comply, must -

- (a) take into account -
 - (i) the general conditions of contract and any special conditions of contract, if specified;
 - (ii) any Treasury Guidelines on bid documentation; and
 - (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- (b) include the preference points system to be used, goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish-

- (i) if the bidder is required by law to prepare annual financial statements for auditing , their audited annual financial statements -
 - (aa) for the past three years; or
 - (bb) since their establishment if established during the past three years;
- (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 90days;
- (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
- (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or JRA is expected to be transferred out of the Republic; and
- (e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

Public invitation for competitive bids

22(1) The procedure for the invitation of competitive bids, is as follows:

- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the JRA or any other appropriate ways (which may include an advertisement in the Government Bid Bulletin); and
- (b) the information contained in a public advertisement, must include -
 - (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;
 - (ii) a statement that bids may only be submitted on the bid documentation provided by the JRA ;and

- (iii) date, time and venue of any proposed site meetings or briefing sessions.
- (2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- (3) Bids submitted must be sealed.
- (4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.
- (5) The validity period of all bids shall be 120 days and this period shall be extended before the expiry of 120 days if need be.

Procedure for handling, opening and recording of bids

23The procedures for the handling, opening and recording of bids, are as follows:

- (a) Bids-
 - (i) must be opened only in public;
 - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
 - (iv) received after the closing time should not be considered and returned unopened immediately. All late bids will be recorded separately in the register as for time of receipt and will be returned back.
- (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
- (c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
- (d) The accounting officer must -
 - (i) record in a register all bids received in time;
 - (ii) make the register available for public inspection; and
 - (iii) publish the entries in the register and the bid results on the website.

Negotiations with preferred bidders

24(1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation -

- (a) does not allow any preferred bidder a second or unfair opportunity;
 - (b) is not to the detriment of any other bidder; and
 - (c) does not lead to a higher price than the bid as submitted.
- (2) Minutes of such negotiations must be kept for record purposes.

Two-stage bidding process

25(1) A two-stage bidding process is allowed for-

- (a) large complex projects;
- (b) projects where it may be undesirable to prepare complete detailed technical specifications;
- (c) long-term projects with a duration period exceeding three years;
- (d) projects where evaluation of bids is based on functionality as a criterion; or
- (e) projects where evaluation of bids is based on a stipulated threshold for local production and content.

(2) First stage:

- (2) (a) For projects referred to in 25(1)(a) to 25(1)(c), technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments;
- (b) For projects referred to in subparagraph 25(1)(d), proposals or bids must be invited and evaluated in terms of the functionality evaluation criteria embodied in the bid documents; and
- (c) For projects referred to in subparagraph 25(1) (e), proposals or bids must be evaluated in terms of the stipulated minimum threshold for local production and content.

Second stage:

(3)(a) For projects referred to in subparagraphs 25(1)(a) to 25(1)(c), final technical proposals and priced bids should be invited;

(b) For projects referred to in subparagraphs (1) (d) to (e), only proposals or bids that achieve the minimum qualifying score/percentage for functionality and minimum stipulated threshold for local production and content respectively must be evaluated further in accordance with the 80/20 or 90/10 preference point systems prescribed in Preferential Procurement Regulations 5 and 6.

ENVELOPE SYSTEM

(1) When using the envelope system, to safeguard the integrity of the process, the technical and financial proposals should be submitted in separate sealed envelopes. The technical envelopes should be opened immediately after the closing time for submission of proposals. The financial proposals should remain sealed until they are opened publicly. Any proposal received after the closing time for submission of proposals should be returned unopened.

NON REFUNDABLE FEE FOR BID DOCUMENT PURCHASED

A non- refundable fee is to be charged for all bids for the supply of goods and services; and for all CIDB related bids. The applicable fees shall be in accordance to the published fees approved by the City of Johannesburg.

Committee system for competitive bids

26(1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:

- (a) a bid specification committee;
- (b) a bid evaluation committee; and
- (c) a bid adjudication committee.

(2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and

(3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency

- (4) The committee system must be consistent with -
- (a) paragraph 27, 28 and 29 of this Policy; and ensuring fairness and promoting transparency.
 - (b) any other applicable legislation.
- (5) The accounting officer may apply the committee system to formal written price quotations.

Bid specification committees

27(1) A bid specification committee must compile the specifications for each procurement of goods or services by the JRA.

(2) Specifications-

- (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
- (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
- (c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
- (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
- (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent";
- (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2011; and
- (g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.

(3) A bid specification committee must be composed of one or more officials of the JRA, preferably the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.

(4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

Bid evaluation committees

28(1) A bid evaluation committee must -

(a) evaluate bids in accordance with -

- (i) the specifications for a specific procurement; and
- (ii) the points system set out in terms of paragraph 27(2)(f).

(b) evaluate each bidder's ability and capability to execute the contract;

(c) check in respect of the recommended bidder or any of its directors to the City of Johannesburg or the Johannesburg Roads Agency or to any other municipality or municipal entity, whether municipal rates and taxes or municipal service charges are not in arrears for more than three months;

(d) check in respect of the names of the bidders and their directors, trustees or shareholders are not listed on the Register for Bid Defaulters and the Database of Restricted Suppliers; and

(e) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

(2) A bid evaluation committee must as far as possible be composed of-

- (a) officials from departments requiring the goods or services; and
- (b) at least one supply chain management practitioner of the JRA.

Evaluation of bids

(3)(a) The JRA may indicate whether a bid will include functionality as a criterion. In instances where a bid includes functionality as a criterion, the JRA must indicate in the invitation to submit a bid if that bid will be evaluated functionally. Bids that do not include functionality as a criterion will be evaluated using either the 80/20 preference point system or the 90/10 preference point system.

(b) All bids that include functionality as a criterion must be evaluated for functionality first before being subjected to the 80/20 preference point system or the 90/10 preference point system. Only bids that meet the minimum qualifying score should be evaluated using either the 80/20 preference point system or the 90/10 preference system as discussed above. The functionality criterion, the 80/20 preference point system and the 90/10 preference point system are discussed in detail below.

Evaluation of functionality

(4)(a) The JRA must indicate in the invitation to submit a bid if that bid will be evaluated functionally. The bids that do not have functionality as a criterion should be evaluated either on the 80/20 preference point system or the 90/10 preference point system depending on the value of services, works or goods in the process of being acquired.

(b) The evaluation criteria for measuring functionality must be objective. This must be clearly specified on the invitation to submit a bid.

(c) When evaluating bids on functionality, the evaluation criteria for measuring functionality; weight of each criterion; applicable values; and minimum qualifying score for functionality, must be clearly specified in the invitation to submit a bid.

(d) The evaluation criteria may include criteria such as the consultant's relevant experience for the assignment, the quality of the methodology; the qualifications of key personnel; transfer of knowledge; etc.

(e) The applicable values that will be utilised when scoring each criterion should be objective. As a guide, values ranging from 1 being poor, 2 being average, 3 being good, 4 being very good and 5 being excellent, may be utilised.

(f) The weight that is allocated to each criterion should not be generic but should be determined separately for each bid on a case by case basis.

(g) Bids must be evaluated in terms of the evaluation criteria embodied in the bid documents. The amendment of evaluation criteria, weights, applicable values and/or the minimum qualifying score for functionality after the closure of bids is not allowed as this may jeopardise the fairness of the process.

(h) A bid should be considered further if it achieves the prescribed minimum qualifying score for functionality. Therefore, no bid must be regarded as an acceptable bid if it fails

to achieve the minimum qualifying score for functionality as indicated in the bid invitation.

(i) Bids that fail to achieve the minimum qualifying score for functionality must be disqualified.

(j) Score sheets should be prepared and provided to panel members to evaluate the bids.

(k) The score sheet should contain all the criteria and the weight for each criterion as well as the values to be applied for evaluation as indicated in the bid documents.

(l) Each panel member should after thorough evaluation independently award his /her own value to each individual criterion.

(m) Score sheets should be signed by panel members and if necessary, written motivation may be requested from panel members where vast discrepancies in the values awarded for each criterion exist.

(n) If the minimum qualifying score for functionality is indicated as a percentage in the bid documents, the percentage scored for functionality should be calculated as follows:

(i) The value awarded for each criterion should be multiplied by the weight for the relevant criterion to obtain the score for the various criteria;

(ii) The scores for each criterion should be added to obtain the total score; and

(iii) The following formula should be used to convert the total score to percentage for functionality:

$$P_s = \frac{S_o}{M_s} \times 100$$

where:

P_s = percentage scored for functionality by bid under consideration

S_o = total score of bid under consideration

M_s = maximum possible score

(o) The percentage of each panel member should be added and divided by the number of panel members to establish the average percentage obtained by each bidder for functionality.

Evaluation in terms of the 80/20 or the 90/10 preference point systems

(5)(a) Only bids that achieve the minimum qualifying score/percentage for functionality must be evaluated further in accordance with the 80/20 or the 90/10 preference point systems prescribed in Preferential Procurement Regulations 5 and 6.

(b) The lowest acceptable bid will score 80 or 90 points for price depending on the preference point system in use.

(c) The preference point system does not affect the thresholds within which the JRA may procure services, works or goods by means of petty cash, verbal/written price quotations or advertised competitive bids.

The 80/20 preference point system

(6)(a) The 80/20 preference point system is a system that is used for all purchases of goods, works and services to the maximum value of R1000 000 (all applicable taxes included).

(b) Under this preference point system, 80 points are awarded for the price and 20 points are awarded for the B-BBEE status level of contribution.

(c) ***The maximum number of points that can be scored by any service provider/supplier is 100 points***, this is made up of 80 or 90 points for price and 20 or 10 points for B-BBEE status level of contribution.

Price evaluation under the 80/20 preference point system

(7) (a) The 80/20 preference point system is used for the acquisition of services, works or goods up to a Rand value of R1 000 000 (all applicable taxes included).

(b) The following formula must be used to calculate the points for price in respect of bids (including price quotations) with a Rand value equal to, or above R30 000 and up to a Rand value of R1 000 000 (all applicable taxes included):

$$P_s = 80 \left(1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

a. Where

- b. P_s = Points scored for comparative price of bid or offer under consideration;
- c. P_t = Comparative price of bid or offer under consideration; and
- d. P_{min} = Comparative price of lowest acceptable bid or offer
- e. The JRA may also apply the formula for price quotations with a value of less than R30 000, if and when it is considered appropriate.

Calculation of points for B-BBEE status level of contribution under the 80/20 preference point system

(8) (a) Points must be awarded to a bidder for attaining their B-BBEE status level of contribution in accordance with the table below:

B-BBEE Status Level of Contribution	Number of Points
1	20
2	18
3	16
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

- (b) A maximum of 20 points may be allocated in accordance with the table above;
- (c) Points scored must be rounded off to the nearest 2 decimal places;
- (d) The points scored by a bidder in respect of the B-BBEE contribution contemplated in the table above must be added to the points scored for price as calculated in accordance with the points obtained under price evaluation in order to obtain the bidder's total points scored out of 100.

(e) Subject to the provisions of section 2 (1) (f) of the Preferential Procurement Policy Framework Act, 2000 (Act No.5 of 2000), the contract must be awarded to the bidder who scores the highest total number of points. Section 2 (1) (f) of the Preferential Procurement Policy Framework Act allows the JRA to prescribe “*Additional criteria*”, this criteria requires that any specific goal/s must be clearly specified in the invitation to submit a bid.

(f) The PPPFA prescribes that the lowest acceptable bid will score 80 under the 80/20 preference point system. Bidders that quoted higher prices will score lower points for price on a pro-rata basis.

(g) A bid must not be disqualified from the bidding process if the bidder does not submit a certificate substantiating the B-BBEE status level of contribution or is a non-compliant contributor. Such a bidder will score zero (0) out of a maximum of 20 points for B-BBEE.

(h) Points scored must be rounded off to the nearest 2 decimal places.

(i) Only a bidder who has completed and signed the declaration part of the bid document may be considered.

The 90/10 preference point system

(9) (a) The 90/10 preference point system is used for the acquisition of services, works or goods with a Rand value of above R1000 000 (all applicable taxes included).

(b) The following formula must be used to calculate the points for price in respect of bids with a Rand value above R1000 000 (all applicable taxes included):

$$P_s = 90 \left(1 - \frac{P_t - P_{min}}{P_{min}} \right)$$

- Where
- P_s = Points scored for comparative price of bid or offer under consideration;
- P_t = Comparative price of bid or offer under consideration; and
- P_{min} = Comparative price of lowest acceptable bid or offer.

Calculation of points for B-BBEE status level of contribution under the 90/10 preference point system

(10) (a) The contract must be awarded to a bidder for attaining their B-BBEE status level of contribution in accordance with the table below:

B-BBEE Status Level of Contribution	Number of Points
1	10
2	9
3	8
4	5
5	4
6	3
7	2
8	1
Non-compliant contributor	0

(b) A maximum of 10 points may be allocated in accordance with the table above depending on each bidder's B-BBEE status level of contribution.

(c) The points scored by a bidder in respect of the level of B-BBEE contribution contemplated in the table above must be added to the points scored for price in order to obtain the bidder's total points scored out of 100.

(d) Subject to the provisions of section 2 (1) (f) of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000), the contract must be awarded to the bidder who scores the highest total number of points.

(e) Points scored must be rounded off to the nearest 2 decimal places.

(f) A bid must not be disqualified from the bidding process if the bidder does not submit a certificate substantiating the B-BBEE status level of contribution or is a non-compliant contributor. Such a bidder will score zero (0) out of a maximum of 10 points for B-BBEE.

(g) Only a bidder who has completed and signed the declaration part of the bid document may be considered.

Evaluation of bids that scored equal points

(11) (a) In the event that two or more bids have scored equal total points, the successful bid must be the one that scored the highest points for B-BBEE.

(b) If two or more bids have equal points, including equal preference points for BBBEE, the successful bid must be the one scoring the highest score for functionality, if functionality is part of the evaluation process.

(c) In the event that two or more bids are equal in all respects, the award must be decided by the drawing of lots or splitting of bids equally.

Cancellation and re-invitation of bids

(12)(a) In the application of the 80/20 preference point system, if all bids received exceed R1 000 000, the bid must be cancelled. If at least one of the acceptable bids received is within the R1 000 000 threshold, all bids received must be evaluated on the 80/20 preference point system.

(b) In the application of the 90/10 preference point system, if all bids received are equal to or below R1 000 000, the bid must be cancelled. If at least one of the acceptable bids received is above the R1 000 000 threshold, all bids received must be evaluated on the 90/10 preference point system.

(c) If a bid was cancelled in terms of paragraph (a) or (b) above, the correct preference point system must be stipulated in the bid documents of the re-invited bid.

(d) The Managing Director of the JRA (Accounting Officer) may, prior to the award of a bid, cancel the bid if:

(i) Due to changed circumstances, there is no longer a need for the services, works or goods requested;

(ii) Funds are no longer available to cover the total envisaged expenditure; or

(iii) No acceptable bids are received.

(iv) There are contractual breaches or unprocedural processes

(e) If all bids received are rejected, the Johannesburg Roads Agency must review the reasons 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 a new bid.

(f) The decision to cancel a bid in terms of paragraph (d) (i) - (iii) above must be published in the Government Bid Bulletin or the media in which the original bid invitation was advertised. Bidders to be notified of the cancellation

(g) For all Construction Industry Development Board bids, The JRA may accept or reject any variation, deviation, tender offer, or alternative tender offer, and may cancel the tender process and reject all tender offers at any time before the formation of a contract. The employer shall not accept or incur any liability to a tenderer for such cancellation and rejection, but will give written reasons for such action upon written request to do so.

(h) The JRA may not subsequent to the cancellation or abandonment of a tender process or the rejection of all responsive tender offers re-issue a tender covering substantially the same scope of work within a period of six months unless only one tender was received and such tender was returned unopened to the tenderer or non-responsive tenders were received.

(i) All bidders to be notified of the cancellation of the Bid.

Withdrawal of the tender

(11) A tender may only be withdrawn or substituted by giving the employer written notice before the closing time for tenders that a tender is to be withdrawn or substituted. If the bidder withdraws a tender after the closing time and before the acceptance of his tender by the employer, the bidder may be barred from tendering for all public sector tenders for a period up to 5 years.

Award of points to bidders not scoring the highest number of points

(13) A contract may be awarded to a bidder that did not score the highest total number of points only in accordance with section 2 (1) (f) of the Preferential Procurement Policy Framework Act, 2000. In exceptional circumstances a contract may, on reasonable and justifiable grounds, be awarded to a bidder that did not score the highest number of points. The reasons for such a decision must be approved and recorded for audit purposes and must be defensible in a court of law.

Broad-based Black Economic Empowerment Status Level Certificates

(14)(a) Bidders with an annual total revenue of R5 million or less qualify as Exempted Micro Enterprises (EMEs) in terms of the Broad-based Black Economic Empowerment Act, and must submit a certificate issued by a registered auditor, accounting officer (as contemplated in section 60 (4) of the Close Corporation Act, 1984 (Act No. 69 of 1984) or an accredited verification agency.

(b) Bidders other than the Exempted Micro Enterprises (EMEs) must submit their original and valid B-BBEE status level verification certificate or a certified copy thereof, substantiating their B-BBEE rating.

(c) The submission of such certificates must comply with the requirements of instructions and guidelines issued by the National Treasury and must be in accordance with notices published by the Department of Trade and Industry in the Government Gazette.

(d) The B-BBEE status level attained by a bidder must be used to determine the number of points under the B-BBEE status level of contribution.

Discounts

(15)(a) When calculating comparative prices:

- (i) Unconditional discounts must be taken into account for evaluation purposes; and
- (ii) Conditional discounts must not be taken into account for evaluation purposes but should be implemented when payment is effected.

Subcontracting

(16)(a) A bidder must not be awarded the points claimed for B-BBEE status level of contribution if it is indicated in the bid documents that such a bidder intends subcontracting more than 25% of the contract value to any other enterprise that does not qualify for at least the same number of points that the bidder qualifies for, unless the intended subcontractor is an EME that has the capability and ability to execute the subcontract.

Bidders shall not subcontract more than 25% of the project.

To pursue targeted procurement of emerging contractors, a main contractor shall be appointed and will only receive to a maximum of 20% of the value and the remaining

80% shall be for the subcontractor. For emerging contractors no single emerging contractor shall be entitled to the whole 80%.

This figure shall be shared in accordance with BBBEE empowerment.

A maximum of 35% of the value can be allocated to any single emerging contractor on the project.

LOCAL JOB CREATION

The JRA may appoint a company to source local labour from highly disadvantaged communities and organise them to render services for the JRA targeted objectives.

(b) A contractor is not allowed to subcontract more than 25% of the contract value to another enterprise that does not have equal or higher B-BBEE status level, unless the intended subcontractor is an EME that has the capability and ability to execute the subcontract.

(c) For all EPWP contracts, the value should be 30% of the project undertaken which includes materials or labour.

(d) In relation to a designated sector, a contractor must not be allowed to subcontract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.

PANELS

The JRA has discretion to set up panels as and when required. The JRA will set up procurement panel primary for emergency procurement purposes.

The setting up of a panel for any other reason must be approved by Accounting Officer. Panels shall not prevent the achievement of equity black economic empowerment and preferential procurement objectives. Principles for placing a bidder on the panel will follow the same process for two stage bidding.

All panels will be reviewable annually.

JV'S AND CONSORTIUMS

Companies where relevant are entitled to and strongly encouraged to pursue consortium, JV's and cooperatives, where these will benefit the JRA in service benefit and enable the achievement of targeted objectives. JRA reserves the right to oversee

the creation of such consortia and JV. Creation of such shall be the responsibility of the parties.

CHANGES IN COMPANY STATUS

All company changes must be communicated to the JRA in writing and proof of such change must be accompanied by formal documentation. JRA reserves the right to terminate the contract if substantial changes render the company to be different from what JRA initially contracted the company for.

Services rendered by Tertiary Institutions and Public Entities

(17)(a) Based on thorough analysis of the market, institutions may invite written price quotations for services that can only be provided by tertiary institutions from the identified tertiary institutions.

(b) Where the required service can be provided by tertiary institutions, public entities and enterprises from the private sector, institutions must invite competitive bids.

Remedies

(18)(a)The Accounting Officer must act against the bidder or person awarded the contract upon detecting that the B-BBEE status level of contribution has been claimed or obtained on a fraudulent basis or any of the contract conditions have not been fulfilled.

(b)The institution may, in addition to any other remedy that it may have against the bidder or person:

- (i) Disqualify the bidder or person from the bidding process;
- (ii) Recover all costs, losses or damages it has incurred or suffered as a result of
- (iii) that person's conduct;
- (iv) Cancel the contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation;
- (v) Restrict the bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, from obtaining business from any organ of state for a period not exceeding 10 years, after applying the audi alteram partem (hear the other side) rule; and
- (vi) Forward the matter for criminal prosecution.

- (c) The JRA should involve its legal services when any of the remedies are applied.
- (d) The details of any restrictions imposed on bidders, persons or contractors must be forwarded to the National Treasury for inclusion on the central Database of Restricted Suppliers.

Tax Clearance

- (19)(a) No bid may be awarded to any bidder whose tax matters have not been declared by the SARS to be in order.

Bidding Documents

- (20)(a) The following bidding documents, which have been amended where necessary in accordance with the prescripts of the Preferential Procurement Regulations, 2011, must be used:

- (i) Invitation to Bid MBD 1
- (ii) Application for Tax Clearance Certificate MBD 2
- (iii) Pricing Schedules MBD 3.1, 3.2 and 3.3
- (iv) Declaration of Interest MBD 4
- (v) Declaration for Procurement above R10 000 000 MBD 5
- (vi) Preference claims in terms of the Preferential Procurement Regulations, 2011 MBD 6.1
- (vii) Declaration Certificate for Local Content MBD 6.2
- (viii) Formal contracts MBD 7.1, 7.2 and 7.3
- (ix) Declaration of Bidder's past SCM practices MBD 8
- (x) Certificate of Independent Bid Determination MBD 9

- (b) The Johannesburg Roads Agency should customise and utilise the bidding documents by incorporating the institutions name, logo and contact details.

- (c) Other changes to the MBDs, such as variations necessary to address specific contract and project issues, should be kept to a minimum. The standard wording for the Application for Tax Clearance Certificates, MBD, and the National Industrial Participation Programme (SBD 5) should not be amended. The formal contract document, MBD 7.1 to 7.3, should not form part of the bidding documents issued to

every prospective bidder, but should be made applicable only to the successful bidder after adjudication and award of the bid.

(d) The relevant MBDs must be utilised for procurement by means of written price quotations, advertised competitive bids or proposals.

Sale and Letting of Assets

(21)(a) The preference point systems prescribed in the PPPFA and the Preferential Procurement Regulations, 2011 are not applicable to the sale and letting of assets.

(b) In instances where assets are sold or leased by means of advertised competitive bids or written price quotations or by auctions the award must be made to the highest bidder.

(c) The tax clearance requirements apply to the sale and letting of assets as well.

Local Production and Content, B-BBEE, Status Level Certificates, Conditions, Declarations, Remedies, Tax Clearance, Repeal of Regulations and Short Title and Commencement

(22)(a) Bids in respect of services, works or goods that have been designated for local production and content, must contain a specific bidding condition that only locally produced goods, services or works or locally manufactured goods with a stipulated minimum threshold for local production and content will be considered.

(b) The Accounting Officer must stipulate in bid invitations that the exchange rate to be used for the calculation of local content (local content and local production are used interchangeably) must be the exchange rate published by the SARB at 12:00 on the date, one week (7 calendar days) prior to the closing date of the bid.

Commented [KG1]: Chief, this is where you come in. Please assist.

Cooperatives

The JRA encourages the formation of cooperatives where these will benefit the JRA's service delivery objectives and the achievement of targeted objectives.

(c) Our target procurement will seek to create opportunities for cooperatives in pursuance of BBBEE initiatives.

(d) Only the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:201x must be used to calculate local content.

(e) The following formula to calculate local content must be disclosed in the bid documentation:

$$LC = 1 - \left(\frac{x}{y}\right) \times 100$$

Where:

x= imported content

y = bid price excluding value-added tax (VAT)

(f) Prices referred to in the determination of x must be converted to Rand (ZAR) by using the exchange rate published by the SARB at 12:00 on the date, one week (7 calendar days) prior to the closing date of the bid.

(g) The local content (LC) as a percentage of the bid price must be calculated in accordance with the SABS approved technical specification number SATS 1286: 201x.

(h) For the purpose of paragraphs a), (b) and (c) above, MBD 6.2 (Declaration Certificate for Local Content) must form part of the bid documentation.

(i) The Declaration Certificate for Local Content, MBD 6.2, must be completed and duly signed. The Accounting Officer must verify the accuracy of the rates of exchange quoted by the bidder in paragraph 4.1 of this Certificate.

Non-designated Sectors

(23)(a) Where there is no designated sector, the Accounting Officer may decide to include a specific bidding condition that only locally produced goods, services or works or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered, on condition that such prescript and threshold(s) are in accordance with the specific directives issued for this purpose by the National Treasury in consultation with the Department of Trade and Industry(DTI).

(b) The Accounting Officer must stipulate in bid invitations that the exchange rate to be used for the calculation of local content must be the exchange rate published by the

SARB at 12:00 on the date, one week (7 calendar days) prior to the date of closure of the bid.

(c) Only the South African Bureau of Standards approved technical specification number SATS 1286:201x must be used to calculate local content.

(d) For the purpose of paragraphs (a)-(c) above, MBD 6.2 (Declaration Certificate for Local Content) must form part of the bid documentation.

(e) The Declaration Certificate for Local Content (MBD 6.2) must be completed and duly signed. The Accounting Officer is required to verify the accuracy of the rate(s) of exchange quoted by the bidder in paragraph 4.1 of MBD 6.2.

First stage - Evaluation of bids based on a stipulated minimum threshold for local production and content

(24)(a) Bids that were invited on the basis of local production and content should be evaluated by following a two-stage bidding process:

(b) Bids must be evaluated in terms of the evaluation criteria stipulated in the bid documents. The amendment of the stipulated minimum threshold for local production and content after the closure of bids is not allowed as this may jeopardise the fairness of the process.

(c) A bid will be disqualified if:

(i) the bidder fails to achieve the stipulated minimum threshold for local production and content; and

(ii) the Declaration Certificate for Local Content (MBD 6.2) is not submitted as part of the bid documentation.

Second stage - Evaluation in terms of the 80/20 or the 90/10 preference point systems

(25)(a) Only bids that achieve the minimum stipulated threshold for local production and content must be evaluated further in accordance with the 80/20 or 90/10 preference point systems prescribed in Preferential Procurement Regulations 5 and 6.

(b) Where appropriate, prices may be negotiated only with shortlisted or preferred bidders. Such negotiations must not prejudice any other bidders.

Bid adjudication committees

29 (1) A bid adjudication committee must -

(a) consider the report and recommendations of the bid evaluation committee ; and

(b) either -

(i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or

(ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.

(2) A bid adjudication committee must consist of at least four senior managers of the JRA which must include -

(a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and

(b) at least one senior supply chain management practitioner who is an official of the JRA; and

(c) a technical expert in the relevant field who is an official, if such an expert exists .

(3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

(4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.

(5) (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid -

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

(ii) notify the accounting officer.

(b) The accounting officer may -

(i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and if the decision of

the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

(6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.

(7) The accounting officer must comply with section 114 of the Act within 10 working days. The accounting officer of the JRA must notify in writing, the Auditor-General, the Gauteng Provincial Treasury, the National Treasury and the City of Johannesburg of the reasons for deviating from a recommendation if a bid other than the one recommended in the normal course of implementing the supply chain management policy is approved.

Procurement of banking services

30 (1) A contract for banking services -

- (a) must be procured through competitive bids ;
- (b) must be consistent with section 7 or 85 of the Act ; and
- (c) may not be for a period of more than five years at a time .

(2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.

(3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

Procurement of IT related goods or services

31(1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.

(2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.

(3) The accounting officer must notify SITA together with a motivation of the IT needs if -

(a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or

(b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).

(4) If SITA comments on the submission and the JRA disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the Gauteng Provincial Treasury and the Auditor-General.

Procurement of goods and services under contracts secured by other organs of State

32(1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if -

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

(b) there is no reason to believe that such contract was not validly procured;

(c) there are demonstrable discounts or benefits to do so; and

(d) that other organ of state and the provider have consented to such procurement in writing.

(2) Subparagraphs (1)(c) and (d) do not apply if -

(a) JRA procures goods or services through a contract secured by the City of Johannesburg; or

(b) The City of Johannesburg procures goods or services through a contract secured by the JRA of which it is the parent municipality.

Procurement of goods necessitating special safety arrangements

33(1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided wherever possible.

(2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

Proudly SA Campaign

34 The JRA supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:

- Firstly - suppliers and businesses within the municipality or district;
- Secondly - suppliers and businesses within the relevant province; and
- Thirdly - suppliers and businesses within the Republic.

Appointment of consultants

35(1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.

(2) Consultancy services must be procured through competitive bids if

- (a) the value of the contract exceeds R200 000 (VAT included); or
- (b) the duration period of the contract exceeds one year.

(3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of-

- (a) all consultancy services provided to an organ of state in the last five years; and
- (b) any similar consultancy services provided to an organ of state in the last five years.

(4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the JRA.

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

36 (1) The accounting officer may -

(a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only-

- (i) in an emergency;
- (ii) if such goods or services are produced or available from a single provider only;
- (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
- (iv) acquisition of animals for zoos and/or nature and game reserves ; or
- (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and

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

(2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the Board of Directors and include as a note to the annual financial statements.

(3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this Policy.

Unsolicited bids

37(1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.

(2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if-

- (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
- (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
- (c) the person who made the bid is the sole provider of the product or service; and
- (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer .

(3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with-

- (a) reasons as to why the bid should not be open to other competitors ;
- (b) an explanation of the potential benefits if the unsolicited bid were accepted ; and
- (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.

(4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.

(5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.

(6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.

(7) When considering the matter, the adjudication committee must take into account-

- (a) any comments submitted by the public; and
- (b) any written comments and recommendations of the National Treasury or the Gauteng Provincial Treasury.

(8) If any recommendations of the National Treasury or the Gauteng Provincial Treasury are rejected or not followed, the accounting officer must submit to the Auditor-General, the Gauteng Provincial Treasury and the National Treasury the reasons for rejecting or not following those recommendations.

(9) Such submission **must be made within seven days** after the decision on the award of the unsolicited bid is taken, but no contract committing the JRA to the bid may be entered into or signed within 30 days of the submission.

Combating of abuse of supply chain management system

38(1) The accounting officer must-

- (a) take all reasonable steps to prevent management system; abuse of the supply chain management system;

(b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified -

(i) take appropriate steps against such official or other role player ; or

(ii) report any alleged criminal conduct to the South African Police Service;

(c) check the National Treasury's Database of Restricted Suppliers and Register for Bid Defaulters prior to awarding any contract (this includes contracts emanating from quotations in excess of R10 000, competitive bids and limited bids) to ensure that no recommended bidder, or any of its director(s), shareholder(s) or trustee(s), is listed as a person/company prohibited from doing business with the public sector;

(d) reject any bid from a bidder-

(i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the JRA, **or to the City of Johannesburg**, or to any other municipality or municipal entity are in arrears for more than three months; or

(ii) who during the last five years has failed to perform satisfactorily on a previous contract with the JRA **or the City of Johannesburg** or any other organ of state after written notice was given to that bidder that performance was unsatisfactory; reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;

(e) reject a recommendation for the award of a contract if the recommended bidder, or any of its director/(s), shareholder(s) or trustee(s), has committed a corrupt or fraudulent act in competing for the particular contract;

(f) cancel a contract awarded to a person if -

(i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or

(ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and

(g) reject the bid of any bidder if that bidder or any of its director(s), shareholder(s) or trustee(s) -

- (i) has abused the supply chain management system of the JRA **or the City of Johannesburg** or has committed any improper conduct in relation to such system ;
 - (ii) has been convicted for fraud or corruption during the past five years;
 - (iii) has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - (iv) has been listed in the **Register for Bid Defaulters** in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
- (2) The accounting officer must inform the National Treasury and the Gauteng Provincial Treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

Publication of bidders in respect of advertised competitive bids, above the threshold value of R200 000 (all applicable taxes included)

- (3) (a) After the closure of any advertised competitive bid, the JRA must, further to information published in terms of section 75 of the MFMA, publish on its website, the reference number of the bid, the description of the goods, services or infrastructure project, names of all bidders, the B-BBEE status level of contribution of all bidders, where applicable, the local content percentages of the goods offered and where practical, total price of the bids, by all bidders that submitted bids in relation to that particular advertisement; and
- (b) The JRA must publish the aforementioned information within ten (10) working days after the closure of the bid and this information must remain on the website of the JRA for at least 30 days.

Part 3: Logistics, Disposal, Risk and Performance Management

Logistics management

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

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

Disposal management

40(1) This policy provides for an effective system of disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act. The disposal of assets will be as per the Asset Management policy. Assets may be disposed off if they:

- (a) have exceeded their economic life;
- (b) no longer comply with standard minimum specification;
- (c) come up for renewal in terms of relevant policies of the company;
- (d) no longer required by any Depot or Business Unit.

(2) Assets may be disposed of by-

- (a) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
- (b) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
- (c) selling the asset; or
- (d) destroying the asset.

(3) The accounting officer must ensure that-

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

(g) in the case of the free disposal of computer equipment, Gauteng Department of Education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

Risk management

41(1) Risk management must include -

- (a) the identification of risks on a case-by-case basis;
- (b) the allocation of risks to the party best suited to manage such risks,
- (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
- (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
- (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

Performance management

42 The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes are followed and whether the objectives of this policy are achieved.

Part 4: Other matters

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

43(1) No award above R15 000 may be made in terms of this policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.

(2) Before making an award to a person; the accounting officer must first check with SARS whether that person's tax matters are in order.

(3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

Prohibition on awards to persons in the service of the state

44 Irrespective of the procurement process followed, no award may be made to a person in terms of this policy-

- (a) who is in the service of the state ;
- (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state ; or
- (c) a person who is an advisor or consultant contracted with the JRA or the *City of Johannesburg*.

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

45 The accounting officer must ensure that the notes to the annual financial statements of the JRA disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including-

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

Ethical standards

46(1) A code of ethical standards as set out in the "***National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management***" is hereby established for officials and other role players in the supply chain management system of the JRA in order to promote -

- (a) mutual trust and respect; and
 - (b) an environment where business can be conducted with integrity and in a fair and reasonable manner.
- (2) An official or other role player involved in the implementation of the Supply Chain Management Policy of the JRA-
- (a) must treat all providers and potential providers equitably;

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

(c) may not accept any reward, gift, favour, hospitality other benefit directly or indirectly including to any close family member, partner or associate of that person;

(d) , must declare to the accounting officer details of any reward, gift, favour, hospitality or benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;

(e) must declare to the accounting 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 of, or in any award of a contract by, the JRA;

(f) 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;

(g) must be scrupulous in his or her use of property belonging to the JRA;

(h) must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and

(i) must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including-

(i) any alleged fraud, corruption, favouritism or unfair conduct;

(ii) any alleged contravention of paragraph 47(1); or

(iii) any alleged breach of the code of ethical standards.

(3)(a) The accounting officer must keep a register in which all declarations made in terms of subparagraph (2)(d) or (e) must be recorded;

(b) All declarations by the accounting officer must be made to the board of directors of the JRA who must ensure that such declarations are recorded in the register; and

(c) A breach of the code of ethics must be dealt with as follows -

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

(ii) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach .

(iii) in all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

(4) Subparagraph (2)(c) does not apply to gifts less than R350 in value.

Inducements, rewards, gifts and favours to municipal entities, officials and other role players

47(1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant -

(a) any inducement or reward to the JRA for or in connection with the award of a contract ; or

(b) any reward, gift, favour or hospitality to -

(i) any official; or

(ii) any other role player involved in the implementation of this Policy .

(2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

(3) Subparagraph (1) does not apply to gifts less than R350 in value.

Sponsorships

48The accounting officer must promptly disclose to the National Treasury and the Gauteng Provincial Treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is-

(a) a provider or prospective provider of goods or services; or

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

Objections and complaints

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

Resolution of disputes, objections, complaints and queries

50 (1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes of the JRA -

(a) to assist in the resolution of disputes between the JRA and other persons regarding -

(i) any decisions or actions taken by the JRA in the implementation of the supply chain management system; or

(ii) any matter arising from a contract awarded in the course of the supply chain management system; or

(b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

(2) The City of Johannesburg and the JRA may for the purposes of subparagraph (1) appoint the same person.

(3) The accounting officer or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.

(4) The person appointed must -

(a) strive to resolve promptly all disputes, objections, complaints or queries received ; and

(b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.

(4) A dispute, objection, complaint or query may be referred to the Gauteng Provincial Treasury if -

(a) the dispute, objection, complaint or query is not resolved within 60 days ; or

(b) no response is received from the JRA within 60 days.

(5) If the Gauteng Provincial Treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

(6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

Contracts providing for compensation based on turnover

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

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

Commencement

52 This policy takes effect **on**

ANNEXURE A

PREFERENTIAL PROCUREMENT POLICY

1. POLICY STATEMENT

JRA strives to increase the number of Black businesses participating in the mainstream economy, and to improve the quality of life of all citizens. It is also the policy of JRA to empower communities; especially HDI's through a procurement system that facilitates service delivery, hence the need for a system that gives effect to the objectives of the Preferential Procurement Policy Framework Act (Act 5 of 2000). The policy is aimed at addressing the imbalances of the past by seeking to equitably transfer ownership, management and control of South Africa's financial and economic resources to the majority of its citizens.

2. POLICY OBJECTIVE

To achieve this policy, JRA is committed to:

- Facilitating the identification of business opportunities for suppliers from disadvantaged sectors of society;
- Making procurement readily available to suppliers from disadvantaged sectors of society;
- Assisting suppliers from disadvantaged sectors of society in participating in the procurement process of JRA;
- Increasing the rand value of procurement spent towards businesses from disadvantaged sectors of society;
- Increasing the number of suppliers from disadvantaged sectors of society participating in the procurement process of JRA.
- Contribute to decreasing unemployment by maximising local content in the form of materials and labour in all goods and services procured;
- **Offering shorter payment cycles (15 days) to BEE companies;**
- These will be done by setting targets to ensure that a large percentage of goods and services be sourced in such a manner that it advances Black Economic Empowerment and Small Medium and Micro Enterprises (SMME's). This will involve the application of preferences, promoting/creating joint ventures and partnerships; and
- The implementation plan will be cognisant of Quality, Internal Control and Performance Measurement.

3. PRINCIPLES

The guiding principles for undertaking and measuring of empowerment in the procurement activities include:

- Enhanced competitiveness and fair trade practices;
- Value for money;
- Compliance with legislation;
- Employment creation;
- Skills development and transfer; and

- Sound relations with suppliers.

4. RESPONSIBILITIES

4.1. Managing Director

The MD has the responsibility to:

- 4.1.1. Review and approve empowerment policy in procurement.
- 4.1.2. Establish and approve empowerment targets in procurement.
- 4.1.3. Monitor and evaluate implementation progress.
- 4.1.4. Report and recommend to the Board of Directors any matter which relates to or affect empowerment in procurement.
- 4.1.5. Ensure on-going commitment and support.
- 4.1.6. Approval of agreed targets.
- 4.1.7. Contracting Heads of departments on targets.
- 4.1.8. Review of targets and implementation progress.

4.2. Heads of departments.

The responsibilities of the Heads of departments shall include:

- 4.2.1. Ensuring that agreed targets are met within their respective divisions.
- 4.2.2. Ensuring that targets are part of their performance management measurement.
- 4.2.3. Monitor and report to MD, the implementation progress.
- 4.2.4. Provide resources for the successful implementation of empowerment in procurement activities.

4.3. Operations Manager: Supply Chain Management

The responsibility of the Operations Manager: Supply Chain Management shall include:

- 4.3.1. Facilitate administration and enforcement of empowerment in procurement.
- 4.3.2. Identification and certification of suppliers from disadvantaged sectors of society.
- 4.3.3. Ensure accessibility of procurement opportunities to businesses from disadvantaged sectors of society.
- 4.3.4. Creation of bid opportunities for suppliers from disadvantaged sectors of society.

- 4.3.5. Assisting suppliers from disadvantaged sectors of society with information, guidance and advice.
- 4.3.6. Development and management of database of suppliers.
- 4.3.7. Establish and review bias in the adjudication process towards suppliers from disadvantaged sectors of society.
- 4.3.8. Monitor and report progress on targets.

5. STRATEGIC INTERVENTIONS

It is recognised that introducing Black Economic Empowerment in procurement is an intervention that provides bias towards suppliers from disadvantaged sectors of society with a view to ensuring that they meaningfully participate in the mainstream economy. Therefore the following interventions will be applied:

A database of suppliers from disadvantaged sectors of society shall be developed and maintained. Where appropriate, bids shall be set-aside for suppliers from disadvantaged sectors of society. Bids in areas where the availability of Black suppliers who are willing and able to supply should be identified and made available for Black suppliers to participate on an exclusive basis. Bias in the adjudication process of bids shall be created. Minimum weightings for BEE shall be set in accordance with the PPPFA and these will be reviewed from time to time. Price matching in deserving circumstances will be considered.

ANNEXURE B

JOHANNESBURG ROADS AGENCY

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

The purpose of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner.

1. General Principles

- 1.1.1 The JRA commits itself to a policy of fair dealing and integrity in the conducting of its business. Officials 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. Officials 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.
- 1.1.2 Officials 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.
- 1.1.3 Officials 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.

2. Conflict of interest

- 2.1 An official or other role player involved with supply chain management -
 - (a) must treat all providers and potential providers equitably;

- (b) may not use his or her position for private gain or to improperly benefit another person;
- (c) 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;
- (d) must declare to the accounting 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;
- (e) must declare to the accounting 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 the JRA;
- (f) 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;
- (g) must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;
- (h) should not place him/herself under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties; and
- (i) should not take improper advantage of their previous office after leaving their official position.

3. Accountability

- 3.1 Practitioners are accountable for their decisions and actions to the public.
- 3.2 Practitioners should use public property scrupulously.
- 3.3 Only accounting officers or their delegates have the authority to commit the JRA to any transaction for the procurement of goods and / or services.
- 3.4 All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.

3.5 Practitioners must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system.

3.6 Practitioners must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including any alleged fraud, corruption, favouritism or unfair conduct; any alleged contravention of the policy on inducements, rewards, gifts and favours to municipalities or municipal entities, officials or other role players; and any alleged breach of this code of conduct.

3.7 Any declarations made must be recorded in a register which the accounting officer must keep for this purpose. Any declarations made by the accounting officer must be made to the board of directors who must ensure that such declaration is recorded in the register.

4. Openness

4.1 Practitioners should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only if it is in the public interest to do so.

5. Confidentiality

5.1 Any information that is the property of the JRA or its providers should be protected at all times. No information regarding any bid / contract / bidder / contractor may be revealed if such an action will infringe on the relevant bidder's/contractor's personal rights.

5.2 Matters of confidential nature in the possession of officials and other role players involved in SCM should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions also apply to officials and other role players involved in SCM after separation from service.

6. Bid Specification / Evaluation / Adjudication Committees

6.1 Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the JRA in an honest, fair, impartial, transparent, cost-effective and accountable manner.

6.2 The specifications document of JRA will be aligned to the FIDIC, GCC and CIDB requirements as per the type of projects to be undertaken.

6.3 Bid evaluation / adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.

6.4 All members of bid adjudication committees should be cleared by the accounting officer at the level of "CONFIDENTIAL" and should be required to declare their financial interests annually.

6.5 No person should-

6.5.1 Interfere with the supply chain management system of the JRA; or

6.5.2 Amend or tamper with any price quotation / bid after its submission.

7. Combative Practices

7.1 Combative practices are unethical and illegal and should be avoided at all cost.

They include but are not limited to:

- (i) Suggestions to fictitious lower quotations;
- (ii) Reference to non-existent competition;
- (iii) Exploiting errors in price quotations / bids;
- (iv) Soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Bid Defaulters.