

# INVITATION TO TENDER



cogta

Department:  
Co-operative Governance and Traditional Affairs  
PROVINCE OF KWAZULU-NATAL

**DESCRIPTION: APPOINTMENT OF A PANEL OF FINANCIAL EXPERTS TO PROVIDE FINANCIAL SUPPORT TO THE DEPARTMENT AND IDENTIFIED MUNICIPALITIES ON BEHALF OF THE DEPARTMENT FOR A PERIOD OF 36 MONTHS**

Tender No: ZNT 2032/2022 LG

COMPANY NAME :

**Type of Bidder (Tick One Box)**

One-person Business/Sole Trader	
Close corporation	
PTY (Ltd)	
Private Company	
Partnership	
Consortium/Joint Venture	
Co-operative	

**Participation Capacity (Tick One Box)**

Prime Contractor	
Supplier/Sub-Contractor	

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## RETURN OF PROPOSAL

Proposal must be deposited in the **tender box** situated at **Department of Co-operative Governance and Traditional Affairs, Lift Area, 13th floor, North Tower, Natalia Building.**

Compulsory briefing session: **09 June 2023 at 10h00**  
Venue: 7 Buro Crescent, Borquin Building, Canteen Boardroom  
Mayville, Durban

**NB: THE DOORS WILL BE CLOSED AND NO LATE COMMERS WILL BE ALLOWED  
ONCE THE BRIEFING MEETING COMMENCES**

**Closing Date: 29 June 2023**  
**Closing Time: 11:00 am**

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## PART A INVITATION TO TENDER

<b>YOU ARE HEREBY INVITED TO BID FOR REQUIREMENTS OF THE (NAME OF DEPARTMENT/ PUBLIC ENTITY)</b>					
BID NUMBER:	<b>ZNT 2032/2022 LG</b>	CLOSING DATE:	<b>29 JUNE 2023</b>	CLOSING TIME:	<b>11:00 am</b>
DESCRIPTION	<b>APPOINTMENT OF A PANEL OF FINANCIAL EXPERTS TO PROVIDE FINANCIAL SUPPORT TO THE DEPARTMENT AND IDENTIFIED MUNICIPALITIES ON BEHALF OF THE DEPARTMENT FOR A PERIOD OF 36 MONTHS</b>				
<b>BID RESPONSE DOCUMENTS MAY BE DEPOSITED IN THE BID BOX SITUATED AT (STREET ADDRESS)</b>					
<b>330 LANGALIBALELE STREET</b>					
<b>NATALIA BUILDING</b>					
<b>13<sup>TH</sup> FLOOR, LIFT AREA, NORTH TOWER</b>					
<b>PIETERMARITZBURG</b>					
<b>BIDDING PROCEDURE ENQUIRIES MAY BE DIRECTED TO</b>			<b>TECHNICAL ENQUIRIES MAY BE DIRECTED TO:</b>		
CONTACT PERSON	Ms Lindiwe Madlala		CONTACT PERSON	Mrs. J Krishnan	
TELEPHONE NUMBER	033 260 8194		TELEPHONE NUMBER	082 854 1110	
E-MAIL ADDRESS	<a href="mailto:lindiwe.madlala@kzncogta.gov.za">lindiwe.madlala@kzncogta.gov.za</a>		E-MAIL ADDRESS	<a href="mailto:JOEY.KRISHNAN@kzncogta.gov.za">JOEY.KRISHNAN@kzncogta.gov.za</a>	
<b>SUPPLIER INFORMATION</b>					
NAME OF BIDDER					
POSTAL ADDRESS					
STREET ADDRESS					
TELEPHONE NUMBER	CODE		NUMBER		
CELLPHONE NUMBER					
FACSIMILE NUMBER	CODE		NUMBER		
E-MAIL ADDRESS					
VAT REGISTRATION NUMBER					
SUPPLIER COMPLIANCE STATUS	TAX COMPLIANCE SYSTEM PIN:		OR	CENTRAL SUPPLIER DATABASE No:	MAAA
ARE YOU THE ACCREDITED REPRESENTATIVE IN SOUTH AFRICA FOR THE GOODS /SERVICES /WORKS OFFERED?	<input type="checkbox"/> Yes <input type="checkbox"/> No [IF YES ENCLOSE PROOF]		ARE YOU A FOREIGN BASED SUPPLIER FOR THE GOODS /SERVICES /WORKS OFFERED?		<input type="checkbox"/> Yes <input type="checkbox"/> No [IF YES, ANSWER THE QUESTIONNAIRE BELOW ]
<b>QUESTIONNAIRE TO BIDDING FOREIGN SUPPLIERS</b>					
IS THE ENTITY A RESIDENT OF THE REPUBLIC OF SOUTH AFRICA (RSA)?					<input type="checkbox"/> YES
<input type="checkbox"/> NO					
DOES THE ENTITY HAVE A BRANCH IN THE RSA?					<input type="checkbox"/> YES
<input type="checkbox"/> NO					
DOES THE ENTITY HAVE A PERMANENT ESTABLISHMENT IN THE RSA?					<input type="checkbox"/> YES
<input type="checkbox"/> NO					
DOES THE ENTITY HAVE ANY SOURCE OF INCOME IN THE RSA?					<input type="checkbox"/> YES
<input type="checkbox"/> NO					
IS THE ENTITY LIABLE IN THE RSA FOR ANY FORM OF TAXATION?					<input type="checkbox"/> YES
<input type="checkbox"/> NO					

IF THE ANSWER IS “NO” TO ALL OF THE ABOVE, THEN IT IS NOT A REQUIREMENT TO REGISTER FOR A TAX COMPLIANCE STATUS SYSTEM PIN CODE FROM THE SOUTH AFRICAN REVENUE SERVICE (SARS) AND IF NOT REGISTER AS PER 2.3 BELOW.

## PART B TERMS AND CONDITIONS FOR TENDERING

<b>1. BID SUBMISSION:</b>
1.1. TENDERS MUST BE DELIVERED BY THE STIPULATED TIME TO THE CORRECT ADDRESS. LATE BIDS WILL NOT BE ACCEPTED FOR CONSIDERATION.
1.2. <b>ALL TENDERS MUST BE SUBMITTED ON THE OFFICIAL FORMS PROVIDED–(NOT TO BE RE-TYPED) OR IN THE MANNER PRESCRIBED IN THE TENDER DOCUMENT.</b>
1.3. THIS TENDER IS SUBJECT TO THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT, 2000 AND THE PREFERENTIAL PROCUREMENT REGULATIONS, 2022, THE GENERAL CONDITIONS OF CONTRACT (GCC) AND, IF APPLICABLE, ANY OTHER SPECIAL CONDITIONS OF CONTRACT.
1.4. <b>THE SUCCESSFUL TENDERER WILL BE REQUIRED TO FILL IN AND SIGN A WRITTEN CONTRACT FORM (SBD7).</b>
<b>2. TAX COMPLIANCE REQUIREMENTS</b>
2.1 TENDERERS MUST ENSURE COMPLIANCE WITH THEIR TAX OBLIGATIONS.
2.2 TENDERERS ARE REQUIRED TO SUBMIT THEIR UNIQUE PERSONAL IDENTIFICATION NUMBER (PIN) ISSUED BY SARS TO ENABLE THE ORGAN OF STATE TO VERIFY THE TAXPAYER'S PROFILE AND TAX STATUS.
2.3 APPLICATION FOR TAX COMPLIANCE STATUS (TCS) PIN MAY BE MADE VIA E-FILING THROUGH THE SARS WEBSITE WWW.SARS.GOV.ZA.
2.4 TENDERERS MAY ALSO SUBMIT A PRINTED TCS CERTIFICATE TOGETHER WITH THE BID.
2.5 IN TENDERS WHERE CONSORTIA / JOINT VENTURES / SUB-CONTRACTORS ARE INVOLVED, EACH PARTY MUST SUBMIT A SEPARATE TCS CERTIFICATE / PIN / CSD NUMBER.
2.6 WHERE NO TCS PIN IS AVAILABLE BUT THE TENDERE IS REGISTERED ON THE CENTRAL SUPPLIER DATABASE (CSD), A CSD NUMBER MUST BE PROVIDED.
2.7 NO TENDERS WILL BE CONSIDERED FROM PERSONS IN THE SERVICE OF THE STATE, COMPANIES WITH DIRECTORS WHO ARE PERSONS IN THE SERVICE OF THE STATE, OR CLOSE CORPORATIONS WITH MEMBERS PERSONS IN THE SERVICE OF THE STATE."

**NB: FAILURE TO PROVIDE / OR COMPLY WITH ANY OF THE ABOVE PARTICULARS MAY RENDER THE BID INVALID.**

SIGNATURE OF TENDERER: .....

CAPACITY UNDER WHICH THIS TENDER IS SIGNED: .....  
(Proof of authority must be submitted e.g. company resolution)

DATE: .....

## **SECTION A**

### **SPECIAL INSTRUCTIONS AND NOTICES TO BIDDERS REGARDING THE COMPLETION OF TENDERING FORMS**

PLEASE NOTE THAT THIS TENDER IS SUBJECT TO TREASURY REGULATIONS 16A ISSUED IN TERMS OF THE PUBLIC FINANCE MANAGEMENT ACT, 1999, THE KWAZULU-NATAL SUPPLY CHAIN MANAGEMENT POLICY FRAMEWORK AND THE GENERAL CONDITIONS OF CONTRACT.

1. Unless inconsistent with or expressly indicated otherwise by the context, the singular shall include the plural and vice versa and with words importing the masculine gender shall include the feminine and the neuter.
2. In terms of the Copyright Act No. 98 of 1978, no part of this document may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording or by any information storage and retrieval system, without permission in writing from KZN Province Department of Cooperative Governance and Traditional Affairs. Under no circumstances whatsoever may the bid forms be retyped or redrafted. Photocopies of the original bid documentation may be used, but an original signature must appear on such photocopies.
3. The bidder is advised to check the number of pages and to satisfy himself that none are missing or duplicated.
4. Bids submitted must be complete in all respects.
5. Bids shall be lodged at the address indicated not later than the closing time specified for their receipt, and in accordance with the directives in the bid documents.
6. Each bid shall be addressed in accordance with the directives in the bid documents and shall be lodged in a separate sealed envelope, with the name and address of the bidder, the bid number and closing date indicated on the envelope. The envelope shall not contain documents relating to any bid other than that shown on the envelope. If this provision is not complied with, such bids may be rejected as being invalid.
7. All bids received in sealed envelopes with the relevant bid numbers on the envelopes are kept unopened in safe custody until the closing time of the bids. Where, however, a bid is received open, it shall be sealed. If it is received without a bid number on the envelope, it shall be opened, the bid number ascertained, the envelope sealed and the bid number written on the envelope.
8. A specific box is provided for the receipt of bids, and no bid found in any other box or elsewhere subsequent to the closing date and time of bid will be considered.
9. No bid sent through the post will be considered if it is received after the closing date and time stipulated in the bid documentation, and proof of posting will not be accepted as proof of delivery.
10. No bid submitted by telefax, telegraphic or other electronic means will be considered.
11. Bidding documents must not be included in packages containing samples. Such bids may be rejected as being invalid.
12. Any alteration made by the bidder must be initialled.
13. Use of correcting fluid is prohibited
14. Bids will be opened in public as soon as practicable after the closing time of bid.
15. Where practical, prices are made public at the time of opening bids.
16. If it is desired to make more than one offer against any individual item, such offers should be given on a photocopy of the page in question. Clear indication thereof must be stated on the schedules attached.
17. The bidder must initial each and every page of the document.

**ANY ENQUIRIES REGARDING THE TENDERING PROCEDURE MAY BE DIRECTED TO:**

**Department:** Co-operative Governance and Traditional Affairs

**Contact Person:** Ms Lindiwe Madlala

**Tel:** 033 260 8194

**Fax:** 086 642 8873 / 033 342 8830

**Email:** [lindiwe.madlala@kzncogta.gov.za](mailto:lindiwe.madlala@kzncogta.gov.za)

**ANY ENQUIRIES REGARDING SPECIFICATION INFORMATION MAY BE DIRECTED TO:**

**Contact Person:** Mrs. J Krishnan

**Unit:** Municipal Finance

**Tel:** 082 854 1110

**E-mail address:** [JOEY.KRISHNAN@kzncogta.gov.za](mailto:JOEY.KRISHNAN@kzncogta.gov.za)

## SECTION B

### REGISTRATION ON THE CENTRAL SUPPLIERS DATABASE

1. In terms of the KwaZulu-Natal Supply Chain Management Policy Framework, all suppliers of goods and services are required to register on the Central Suppliers Database.

2. If you wish to apply for Central Supplier Database (CSD) registration, suppliers may go to [www.csd.gov.za](http://www.csd.gov.za) to register or call 033 897 4223/4676/4509 for assistance.

3. If a business is registered on the Database and it is found subsequently that false or incorrect information has been supplied, then the Department may, without prejudice to any other legal rights or remedies it may;

3.1 de-register the supplier from the Database,

3.2 cancel a bid or a contract awarded to such supplier, and the supplier would become liable for any damages if a less favourable bid is accepted or less favourable arrangements are made.

**4. The same principles as set out in paragraph 3 above are applicable should the supplier fail to update its information on the Central Suppliers Database, relating to changed particulars or circumstances.**



**SECTION C**

**DECLARATION THAT INFORMATION ON CENTRAL SUPPLIER DATABASE (CSD) IS CORRECT  
AND UP TO DATE**

(To be completed by bidder)

THIS IS TO CERTIFY THAT I (name of tenderer/authorised representative)

.....

WHO REPRESENTS (state name of tenderer)

.....

I AM AWARE OF THE CONTENTS OF THE CENTRAL SUPPLIER DATABASE WITH RESPECT TO THE BIDDER'S DETAILS AND REGISTRATION INFORMATION, AND THAT THE SAID INFORMATION IS CORRECT AND UP TO DATE AS ON THE DATE OF SUBMITTING THIS BID.

AND I AM AWARE THAT INCORRECT OR OUTDATED INFORMATION MAY BE A CAUSE FOR DISQUALIFICATION OF THIS BID FROM THE BIDDING PROCESS, AND/OR POSSIBLE CANCELLATION OF THE CONTRACT THAT MAY BE AWARDED ON THE BASIS OF THIS BID.

.....

**SIGNATURE OF TENDERER OR AUTHORISED REPRESENTATIVE**

**DATE:**.....

SECTION D

OFFICIAL BRIEFING SESSION/SITE INSPECTION CERTIFICATE

Site/building/institution involved:

Tender No: **ZNT2032/2022LG- APPOINTMENT OF A PANEL OF FINANCIAL EXPERTS TO PROVIDE FINANCIAL SUPPORT TO THE DEPARTMENT AND IDENTIFIED MUNICIPALITIES ON BEHALF OF THE DEPARTMENT FOR A PERIOD OF 36 MONTHS**

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THIS IS TO CERTIFY THAT (NAME): .....

ON BEHALF OF: .....

ATTENDED THE BRIEFING SESSION ON: **09 June 2023 at 10:00 at 7 Buro Crescent, Borquin Building, Canteen Boardroom, Mayville, Durban**

AND IS THEREFORE FAMILIAR WITH THE CIRCUMSTANCES AND THE SCOPE OF THE SERVICE TO BE RENDERED.

.....  
**SIGNATURE OF BIDDER OR AUTHORISED REPRESENTATIVE**  
(PRINT NAME)

**DATE:** .....

.....  
**SIGNATURE OF DEPARTMENTAL REPRESENTATIVE**  
(PRINT NAME)

.....  
**DEPARTMENTAL STAMP:**  
(COMPULSORY)

**DATE:** .....

## SECTION F

SBD 4

### BIDDER'S DISCLOSURE

#### 1. PURPOSE OF THE FORM

Any person (natural or juristic) may make an offer or offers in terms of this invitation to bid. In line with the principles of transparency, accountability, impartiality, and ethics as enshrined in the Constitution of the Republic of South Africa and further expressed in various pieces of legislation, it is required for the bidder to make this declaration in respect of the details required hereunder.

Where a person/s are listed in the Register for Defaulters and / or the List of Restricted Suppliers, that person will automatically be disqualified from the bid process.

#### 2. Bidder's declaration

2.1 Is the bidder, or any of its directors / trustees / shareholders / members / partners or any person having a controlling interest<sup>1</sup> in the enterprise, employed by the state? **YES/NO**

2.1.1 If so, furnish particulars of the names, individual identity numbers, and, if applicable, state employee numbers of sole proprietor/ directors / trustees / shareholders / members/ partners or any person having a controlling interest in the enterprise, in table below.

Full Name	Identity Number	Name of State institution

2.2 Do you, or any person connected with the bidder, have a relationship with any person who is employed by the procuring institution? **YES/NO**

2.2.1 If so, furnish particulars:

.....

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<sup>1</sup> the power, by one person or a group of persons holding the majority of the equity of an enterprise, alternatively, the person/s having the deciding vote or power to influence or to direct the course and decisions of the enterprise.

- 2.3 Does the bidder or any of its directors / trustees / shareholders / members / partners or any person having a controlling interest in the enterprise have any interest in any other related enterprise whether or not they are bidding for this contract?

**YES/NO**

- 2.3.1 If so, furnish particulars:

.....  
 .....

### **3 DECLARATION**

I, the undersigned, (name)..... in submitting the accompanying bid, do hereby make the following statements that I certify to be true and complete in every respect:

- 3.1 I have read and I understand the contents of this disclosure;
- 3.2 I understand that the accompanying bid will be disqualified if this disclosure is found not to be true and complete in every respect;
- 3.3 The bidder has arrived at the accompanying bid independently from, and without consultation, communication, agreement or arrangement with any competitor. However, communication between partners in a joint venture or consortium<sup>2</sup> will not be construed as collusive bidding.
- 3.4 In addition, there have been no consultations, communications, agreements or arrangements with any competitor regarding the quality, quantity, specifications, prices, including methods, factors or formulas used to calculate prices, market allocation, the intention or decision to submit or not to submit the bid, bidding with the intention not to win the bid and conditions or delivery particulars of the products or services to which this bid invitation relates.
- 3.4 The terms of the accompanying bid have not been, and will not be, disclosed by the bidder, directly or indirectly, to any competitor, prior to the date and time of the official bid opening or of the awarding of the contract.
- 3.5 There have been no consultations, communications, agreements or arrangements made by the bidder with any official of the procuring institution in relation to this procurement process prior to and during the bidding process except to provide clarification on the bid submitted where so required by the institution; and the bidder was not involved in the drafting of the specifications or terms of reference for this bid.
- 3.6 I am aware that, in addition and without prejudice to any other remedy provided to combat any restrictive practices related to bids and contracts, bids that are suspicious will be reported to the Competition Commission for investigation and possible imposition of administrative penalties in terms of section 59 of the

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<sup>2</sup> Joint venture or Consortium means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract.

Competition Act No 89 of 1998 and or may be reported to the National Prosecuting Authority (NPA) for criminal investigation and or may be restricted from conducting business with the public sector for a period not exceeding ten (10) years in terms of the Prevention and Combating of Corrupt Activities Act No 12 of 2004 or any other applicable legislation.

I CERTIFY THAT THE INFORMATION FURNISHED IN PARAGRAPHS 1, 2 and 3 ABOVE IS CORRECT.

I ACCEPT THAT THE STATE MAY REJECT THE BID OR ACT AGAINST ME IN TERMS OF PARAGRAPH 6 OF PFMA SCM INSTRUCTION 03 OF 2021/22 ON PREVENTING AND COMBATING ABUSE IN THE SUPPLY CHAIN MANAGEMENT SYSTEM SHOULD THIS DECLARATION PROVE TO BE FALSE.

.....	.....
Signature	Date
.....	.....
Position	Name of bidder

## SECTION H

### SBD 6.1

#### PREFERENCE POINTS CLAIM FORM IN TERMS OF THE PREFERENTIAL PROCUREMENT REGULATIONS 2022

This preference form must form part of all tenders invited. It contains general information and serves as a claim form for preference points for specific goals.

**NB: BEFORE COMPLETING THIS FORM, TENDERERS MUST STUDY THE GENERAL CONDITIONS, DEFINITIONS AND DIRECTIVES APPLICABLE IN RESPECT OF THE TENDER AND PREFERENTIAL PROCUREMENT REGULATIONS, 2022**

#### 1. GENERAL CONDITIONS

1.1 The following preference point systems are applicable to invitations to tender:

- the 80/20 system for requirements with a Rand value of up to R50 000 000 (all applicable taxes included); and
- the 90/10 system for requirements with a Rand value above R50 000 000 (all applicable taxes included).

a) The applicable preference point system for this tender is the **80/20** preference point system.

1.2 Points for this tender (even in the case of a tender for income-generating contracts) shall be awarded for:

- (a) Price; and
- (b) Specific Goals.

1.3 **To be completed by the organ of state:**

The maximum points for this tender are allocated as follows:

	POINTS
PRICE	80
SPECIFIC GOALS	20
<b>Total points for Price and SPECIFIC GOALS</b>	<b>100</b>

1.4 Failure on the part of a tenderer to submit proof or documentation required in terms of this tender to claim points for specific goals with the tender, will be interpreted to mean that preference points for specific goals are not claimed.

- 1.5 The organ of state reserves the right to require of a tenderer, either before a tender is adjudicated or at any time subsequently, to substantiate any claim in regard to preferences, in any manner required by the organ of state.

## 2. DEFINITIONS

- (a) **“tender”** means a written offer in the form determined by an organ of state in response to an invitation to provide goods or services through price quotations, competitive tendering process or any other method envisaged in legislation;
- (b) **“price”** means an amount of money tendered for goods or services, and includes all applicable taxes less all unconditional discounts;
- (c) **“rand value”** means the total estimated value of a contract in Rand, calculated at the time of bid invitation, and includes all applicable taxes;
- (d) **“tender for income-generating contracts”** means a written offer in the form determined by an organ of state in response to an invitation for the origination of income-generating contracts through any method envisaged in legislation that will result in a legal agreement between the organ of state and a third party that produces revenue for the organ of state, and includes, but is not limited to, leasing and disposal of assets and concession contracts, excluding direct sales and disposal of assets through public auctions; and
- (e) **“the Act”** means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000).

## 3. FORMULAE FOR PROCUREMENT OF GOODS AND SERVICES

### 3.1. POINTS AWARDED FOR PRICE

#### 3.1.1 THE 80/20 OR 90/10 PREFERENCE POINT SYSTEMS

A maximum of 80 or 90 points is allocated for price on the following basis:

$$\begin{array}{ccc} \text{80/20} & \text{or} & \text{90/10} \\ \\ P_s = 80 \left( 1 - \frac{P_t - P_{min}}{P_{min}} \right) & \text{or} & P_s = 90 \left( 1 - \frac{P_t - P_{min}}{P_{min}} \right) \end{array}$$

Where

- P<sub>s</sub> = Points scored for price of tender under consideration
- P<sub>t</sub> = Price of tender under consideration
- P<sub>min</sub> = Price of lowest acceptable tender

## 3.2. FORMULAE FOR DISPOSAL OR LEASING OF STATE ASSETS AND INCOME GENERATING PROCUREMENT

### 3.2.1. POINTS AWARDED FOR PRICE

A maximum of 80 or 90 points is allocated for price on the following basis:

$$\begin{array}{ccc} \mathbf{80/20} & \mathbf{or} & \mathbf{90/10} \\ \\ \mathbf{Ps = 80 \left( 1 + \frac{Pt - P_{max}}{P_{max}} \right)} & \mathbf{or} & \mathbf{Ps = 90 \left( 1 + \frac{Pt - P_{max}}{P_{max}} \right)} \end{array}$$

Where

Ps = Points scored for price of tender under consideration  
Pt = Price of tender under consideration  
Pmax = Price of highest acceptable tender

#### **4. POINTS AWARDED FOR SPECIFIC GOALS**

- 4.1. In terms of Regulation 4(2); 5(2); 6(2) and 7(2) of the Preferential Procurement Regulations, preference points must be awarded for specific goals stated in the tender. For the purposes of this tender the tenderer will be allocated points based on the goals stated in table 1 below as may be supported by proof/ documentation stated in the conditions of this tender:
- 4.2. In cases where organs of state intend to use Regulation 3(2) of the Regulations, which states that, if it is unclear whether the 80/20 or 90/10 preference point system applies, an organ of state must, in the tender documents, stipulate in the case of—
- (a) an invitation for tender for income-generating contracts, that either the 80/20 or 90/10 preference point system will apply and that the highest acceptable tender will be used to determine the applicable preference point system; or
  - (b) any other invitation for tender, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system,
- then the organ of state must indicate the points allocated for specific goals for both the 90/10 and 80/20 preference point system.



**Table 1: Specific goals for the tender and points claimed are indicated per the table below.**

**(Note to organs of state: Where either the 90/10 or 80/20 preference point system is applicable, corresponding points must also be indicated as such.**

**Note to tenderers: The tenderer must indicate how they claim points for each preference point system.)**

The specific goals allocated points in terms of this tender	Number of points allocated (90/10 system) (To be completed by the organ of state)	Number of points allocated (80/20 system) (To be completed by the organ of state)	Number of points claimed (90/10 system) (To be completed by the tenderer)	Number of points claimed (80/20 system) (To be completed by the tenderer)

#### **DECLARATION WITH REGARD TO COMPANY/FIRM**

4.3. Name of company/firm.....

4.4. Company registration number: .....

4.5. TYPE OF COMPANY/ FIRM

- ☐ Partnership/Joint Venture / Consortium
- ☐ One-person business/sole propriety
- ☐ Close corporation
- ☐ Public Company
- ☐ Personal Liability Company
- ☐ (Pty) Limited
- ☐ Non-Profit Company
- ☐ State Owned Company

[TICK APPLICABLE BOX]

4.6. I, the undersigned, who is duly authorised to do so on behalf of the company/firm, certify that the points claimed, based on the specific goals as advised in the tender, qualifies the company/firm for the preference(s) shown and I acknowledge that:

- i) The information furnished is true and correct;
- ii) The preference points claimed are in accordance with the General Conditions as indicated in paragraph 1 of this form;
- iii) In the event of a contract being awarded as a result of points claimed as shown in paragraphs 1.4 and 4.2, the contractor may be required to furnish documentary proof to the satisfaction of the organ of state that the claims are correct;
- iv) If the specific goals have been claimed or obtained on a fraudulent basis or any of the conditions of contract have not been fulfilled, the organ of state may, in addition to any other remedy it may have –
  - (a) disqualify the person from the tendering process;
  - (b) recover costs, losses or damages it has incurred or suffered as a result of that person's conduct;
  - (c) 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;
  - (d) recommend that the tenderer or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, be restricted from obtaining business from any organ of state for a period not exceeding 10 years, after the *audi alteram partem* (hear the other side) rule has been applied; and
  - (e) forward the matter for criminal prosecution, if deemed necessary.

<p>..... <b>SIGNATURE(S) OF TENDERER(S)</b></p> <p><b>SURNAME AND NAME:</b> .....</p> <p><b>DATE:</b> .....</p>
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## SECTION K

### CONDITIONS OF BID

1. I/We hereby bid to supply all or any of the supplies and/or to render all or any of the services described in the attached documents to the KwaZulu-Natal Provincial Administration (hereinafter called the "Province") on the terms and conditions and be in accordance with the specifications stipulated in the bid documents (and which shall be taken as part of and be incorporated into this bid) at the prices and on the terms regarding time for delivery and/or execution inserted therein.
2. I/we agree that:
  - (a) the offer herein shall remain binding upon me and open for acceptance by the Province during the validity period indicated and calculated from the closing time of the bid;
  - (b) this bid and its acceptance shall be subject to Treasury Regulations 16A issued in terms of the Public Finance Management Act, 1999, the National Treasury General Conditions of Contract and Standard Bidding Documents, the KwaZulu-Natal Supply Chain Management Policy Framework, the Provincial Treasury issued Practice Notes, and the KwaZulu-Natal Conditions of Contract, with which I/we are fully acquainted;
  - (c) if I/we withdraw my bid within the period for which I/we have agreed that the bid shall remain open for acceptance, or fail to fulfil the contract when called upon to do so, the Province may, without prejudice to its other rights, agree to the withdrawal of my bid or cancel the contract that may have been entered into between me and the Province. I/we will then pay to the Province any additional expenses incurred by the Province having either to accept any less favourable bid or, if fresh bids have to be invited, the additional expenditure incurred by the invitation of fresh bids and by the subsequent acceptance of any less favourable bid. The Province shall have the right to recover such additional expenditure by set-off against monies which may be due to me under this or any other bid or contract or against any guarantee or deposit that may have been furnished by me or on my behalf for the due fulfilment of this or any other bid or contract and pending the ascertainment of the amount of such additional expenditure to retain such monies, guarantee or deposit as security for any loss the Province may sustain by reason of my default;
  - (d) if my bid is accepted, the acceptance may be communicated to me by registered post, and that the South African Post Office Limited shall be treated as delivery agent to me;
  - (e) the law of the Republic of South Africa shall govern the contract created by the acceptance of my bid and I choose *domicilium citandi et executandi* in the Republic at (full physical address) :  
.....  
.....
3. I/we furthermore confirm that I/we have satisfied myself as to the correctness and validity of my bid: that the price(s), rate(s) and preference quoted cover all of the work/item(s) and my obligations under a resulting contract, and I accept that any mistakes regarding the price(s) and calculations will be at my risk.
4. I/we hereby accept full responsibility for the proper execution and fulfilment of all obligations and conditions devolving on me under this agreement, as the Principal(s) liable for the due fulfilment of this contract.
5. I/we agree that any action arising from this contract may in all respects be instituted against me and I/we hereby undertake to satisfy fully any sentence or judgement which may be pronounced against me as a result of such action.

6. I/we confirm that I/we have declared all and any interest that I or any persons related to my business has with regard to this bid or any related bids by completion of the Declaration of interest Section.

## 7.CERTIFICATION OF CORRECTNESS OF INFORMATION SUPPLIED IN THIS DOCUMENT

I/we, THE UNDERSIGNED, WHO WARRANT THAT I AM DULY AUTHORISED TO DO SO ON BEHALF OF THE BIDDER, CERTIFY THAT THE INFORMATION SUPPLIED IN TERMS OF THIS DOCUMENT IS CORRECT AND TRUE, THAT THE SIGNATORY TO THIS DOCUMENT IS DULY AUTHORISED AND ACKNOWLEDGE THAT:

- (1) The bidder will furnish documentary proof regarding any bidding issue to the satisfaction of the Province, if requested to do so.
- (2) If the information supplied is found to be incorrect and/or false then the Province, in addition to any remedies it may have, may:-
  - (a) Recover from the contractor all costs, losses or damages incurred or sustained by the Province as a result of the award of the contract, and/or
  - (b) Cancel the contract and claim any damages which the Province may suffer by having to make less favourable arrangements after such cancellation.

SIGNED ON THIS ..... DAY OF ..... 20 ..... AT .....

.....  
SIGNATURE OF BIDDER OR DULY  
AUTHORISED REPRESENTATIVE

.....  
NAME IN BLOCK LETTERS

ON BEHALF OF (BIDDER'S NAME) .....

CAPACITY OF SIGNATORY .....

NAME OF CONTACT PERSON (IN BLOCK LETTERS, PLEASE) .....

.....  
POSTAL ADDRESS .....

.....  
TELEPHONE NUMBER: .....

FAX NUMBER: .....

CELLULAR PHONE NUMBER: .....

E-MAIL ADDRESS: .....

## **AUTHORITY TO SIGN A BID**

### **A. COMPANIES**

If a Bidder is a company, a certified copy of the resolution by the board of directors, personally signed by the chairperson of the board, authorising the person who signs this bid to do so, as well as to sign any contract resulting from this bid and any other documents and correspondence in connection with this bid and/or contract on behalf of the company must be submitted with this bid, that is before the closing time and date of the bid

### **AUTHORITY BY BOARD OF DIRECTORS**

By resolution passed by the Board of Directors on .....20.....,

Mr/Mrs/Ms.....

(whose signature appears below) has been duly authorised to sign all documents in connection with this bid on behalf of

(Name of Company) .....

**IN HIS/HER CAPACITY AS:** .....

**SIGNED ON BEHALF OF COMPANY:** .....

.....  
(PRINT NAME)

**SIGNATURE OF SIGNATORY:** ..... **DATE:** .....

**WITNESSES:** 1.....

2.....

### **B. SOLE PROPRIETOR (ONE - PERSON BUSINESS)**

I, the undersigned..... hereby confirm that I am the sole owner of the business trading as.....

.....

**SIGNATURE**.....

**DATE**.....

### C. PARTNERSHIP

The following particulars in respect of every partner must be furnished and signed by every Partner :

Full name of partner	Residential address	Signature
.....	.....	.....
.....	.....	.....
.....	.....	.....

We, the undersigned partners in the business trading as ..... hereby authorise .....to sign this bid as well as any contract resulting from the bid and any other documents and correspondence in connection with this bid and /or contract on behalf of

..... <b>SIGNATURE</b>	..... <b>SIGNATURE</b>	..... <b>SIGNATURE</b>
..... <b>DATE</b>	..... <b>DATE</b>	..... <b>DATE</b>

### D. CLOSE CORPORATION

In the case of a close corporation submitting a bid, a certified copy of the Founding Statement of such corporation shall be included with the bid, together with the resolution by its members authorising a member or other official of the corporation to sign the documents on their behalf.

By resolution of members at a meeting on ..... 20..... at.....

Mr/Mrs/Ms....., whose signature appears below, has been authorised to sign all documents in connection with this bid on behalf of

(Name of Close Corporation) .....  
.....

**SIGNED ON BEHALF OF CLOSE CORPORATION :** .....

.....  
(PRINT NAME)

IN HIS/HER CAPACITY AS .....DATE: .....

SIGNATURE OF SIGNATORY: .....

WITNESSES: 1.....

2.....

### E CO-OPERATIVE

A certified copy of the Constitution of the co-operative must be included with the bid, together with the resolution by its members authoring a member or other official of the co-operative to sign the bid documents on their behalf.

By resolution of members at a meeting on ..... 20.....

at.....

Mr/Mrs/Ms....., whose signature appears below, has been authorised to sign all documents in connection with this bid on behalf of (Name of cooperative)

.....

SIGNATURE OF AUTHORISED REPRESENTATIVE/SIGNATORY: .....

IN HIS/HER CAPACITY AS: .....

DATE: .....

SIGNED ON BEHALF OF CO-OPERATIVE: .....

NAME IN BLOCK LETTERS: .....

WITNESSES: 1.....

2.....

## **F JOINT VENTURE**

If a bidder is a joint venture, a certified copy of the resolution/agreement passed/reached signed by the duly authorised representatives of the enterprises, authorising the representatives who sign this bid to do so, as well as to sign any contract resulting from this bid and any other documents and correspondence in connection with this bid and/or contract on behalf of the joint venture must be submitted with this bid, before the closing time and date of the bid.

### **AUTHORITY TO SIGN ON BEHALF OF THE JOINT VENTURE**

By resolution/agreement passed/reached by the joint venture partners on.....20.....

Mr/Mrs/Ms.....,Mr/Mrs/Ms.....

Mr/Mrs/Ms.....and Mr/Mrs/Ms.....

(whose signatures appear below) have been duly authorised to sign all documents in connection with this bid on behalf of:(Name of Joint Venture) .....

IN HIS/HER CAPACITY AS: .....

SIGNED ON BEHALF OF (COMPANY NAME): .....

(PRINT NAME) .....

SIGNATURE: ..... DATE: .....

IN HIS/HER CAPACITY AS: .....

SIGNED ON BEHALF OF (COMPANY NAME): .....

(PRINT NAME).....

SIGNATURE: ..... DATE: .....

IN HIS/HER CAPACITY AS: .....

SIGNED ON BEHALF OF (COMPANY NAME): .....

(PRINT NAME) .....

SIGNATURE: ..... DATE: .....

IN HIS/HER CAPACITY AS: .....



**G. CONSORTIUM**

If a bidder is a consortium, a certified copy of the resolution/agreement passed/reached signed by the duly authorised representatives of concerned enterprises, authorising the representatives who sign this bid to do so, as well as to sign any contract resulting from this bid and any other documents and correspondence in connection with this bid and/or contract on behalf of the consortium must be submitted with this bid, before the closing time and date of the bid.

**AUTHORITY TO SIGN ON BEHALF OF THE CONSORTIUM**

By resolution/agreement passed/reached by the consortium on.....20.....

Mr/Mrs/Ms.....

(whose signature appear below) have been duly authorised to sign all documents in connection with this bid on behalf of:

(Name of Consortium) .....

**IN HIS/HER CAPACITY AS:** .....

**SIGNATURE:** ..... **DATE:** .....

## **SECTION N**

### **SPECIAL CONDITIONS OF CONTRACT**

#### **SECTION 1: DEFINITION OF TERMS**

##### **1.1 SERVICE**

The services to be rendered by professional service providers must be rendered in terms of this contract.

##### **1.2 CONTRACTOR**

The person or persons, partnership, close corporation, firm or company, whose bid for this service was accepted.

##### **1.3 AGREEMENT**

This comprises the agreement signed by parties, the conditions of bid, the bid and the specifications.

##### **1.4 AGREEMENT PERIOD**

The period during which the service is to be rendered and originally determined in the agreement, or as amended, extended or renewed in accordance with stipulations of the agreement.

##### **1.5 PARTIES**

The parties to this contract are The Head of Co-operative Governance and Traditional Affairs in the KwaZulu-Natal Provincial Administration and Contractor.

##### **1.8 DEPARTMENT**

KwaZulu-Natal department of Co-operative Governance and Traditional Affairs.

##### **1.9 CURTAILMENT OF SERVICE**

The Department reserves the right to withdraw from the service any part/s of the contract as a whole, with one month's written notification to the contractor. In a case such as this, the contract sum will be adjusted *pro rata* from the date of withdrawal.

#### **SECTION 2: IMPORTANT INFORMATION TO NOTE**

2.1 This bid is invited and will be awarded and administered in terms of the following:-

2.1 KwaZulu-Natal Supply Chain Management Policy Framework,

2.2 Section 217 of the Constitution,

- 2.3 The PFMA and its Regulations in general,
- 2.4 The Preferential Procurement Policy Framework Act,
- 2.5 National Treasury guidelines, and
- 2.6 Provincial Treasury's Supply Chain Management Practice Notes and guidelines

## 2.2

### **REQUIRED COMPULSORY INFORMATION**

#### **2.2.1 The bidder shall ensure that all the required information is furnished; viz:-**

- 2.2.1 Bidders Disclosure (SECTION F)
- 2.2.2 Declaration certificate for local production and content for designated sectors (SECTION I)
- 2.2.3 Conditions of Bid (SECTION M)
- 2.2.4 Each party to a Consortium/Group of sub-contractors must obtain separate Tax Clearance Certificate(s) and also be registered on the Suppliers Database.

**NOTE: Failure to submit the required information may invalidate the entire proposal.**

## **SECTION 3: SPECIAL CONDITIONS OF CONTRACT**

### **3.1 ACCEPTANCE OF BID**

- 3.1.1 This bid has been invited, and will be adjudicated in terms of the KwaZulu-Natal Supply Chain Management Policy Framework and the KwaZulu-Natal Provincial Treasury's Practice Notes. Co-operative Governance and Traditional Affairs' Bid Adjudication Committee is under no obligation to accept the lowest or any bid.
- 3.1.2 The financial standing of bidders and their ability to manufacture or to supply goods or render services may be examined before their bids are considered for acceptance.

### **3.2 APPEALS**

- 3.2.1 Entities aggrieved by a decision of a departmental Bid Adjudication Committee or a delegate of an accounting officer, may appeal to the Bid Appeals Tribunal in the prescribed manner by the Supply Chain Management Policy Framework

### **3.3 AMENDMENT OF CONTRACT**

- 3.3.1 Any amendment to or renunciation of the provisions of the contract shall at all times be done in writing and shall be signed by both parties subject to the Legal Services screening the amendment before it is signed.

### **3.4 CHANGE OF ADDRESS**

- 3.4.1 Bidders must advise the Department should their address (*domicilium citandi et executandi*) details change from the time of bidding to the expiry of the contract.

### **3.5 COMMUNICATION**

- 3.5.1 All correspondence with regard to this bid must be addressed or hand delivered to the:

The Head SCM Unit,  
Department Co-operative Governance and Traditional Affairs,  
Private Bag X9078,  
Pietermaritzburg  
3200

ENQUIRIES: **Ms Lindiwe Madlala TEL.: 033-260 8194**

### **3.6 COMPLETENESS OF BID**

3.6.1 Bids will only be considered if correctly completed and accompanied by all relevant certificates and other necessary applicable information.

### **3.7 COMPLETION OF SPECIFICATION**

3.7.1 Where specifications are designed in such a way that responses would be required from bidders, these forms must be completed and submitted as part of the bid document.

### **3.8 CONDITIONS OF BID**

3.8.1 The successful Contractor must be in a position to assume duty on the date stipulated in the letter of acceptance.

3.8.2 No bid received by telegram, telex, or facsimile will be considered.

3.8.3 It shall be noted that the Department is under no obligation to accept the lowest or any bid.

3.8.4 The offer shall be made strictly according to the specification. No alternative offers will be considered.

3.8.5 Bidders must provide the following particulars about themselves as part of the bid:

3.8.5.1 Where they have their Headquarters

3.8.5.2 Where they have their Regional Office.

3.8.5.3 Name, address and telephone number of bankers together with their bank account number.

3.8.5.4 The names, identity numbers and street addresses of all partners in cases where persons, a partnership, or a firm consists of a partnership.

**3.9** In cases where a person or persons, a partnership, close corporation, firm or company enters business for the very first time, the following particulars shall be provided:

3.9.1 By whom, or with whose assistance, was the business plan drafted?

3.9.2 By whom, or with whose assistance, were the bid prices calculated?

3.9.3 Whose advice is relied on?

3.9.4 Who will provide financial support?

**3.10** A list of references must accompany this bid. Particulars shall be submitted regarding similar agreements completed successfully or of projects which the bidder is engaged in.

### **3.11 CONFIDENTIALITY**

The contractor's staff that comes into contact with the Department's confidential information and documents may be required to sign confidentiality agreements so as to protect the Department's information.

### **3.12 CONTRACT PERIOD**

3.12.1 There contract period shall remain in force for a period of 36 months from date of signing off the official contract.

3.12.2 The Department of Co-operative Governance and Traditional Affairs reserves the right to terminate the contract with any contractor should the contractor fail to fulfil his/her contractual obligations in terms of the contract.

### **3.13 EQUAL BIDS**

3.13.1 In the event that two or more bids have equal total points, the successful bid will be the one scoring the highest number of preference points for specified goals. Should two or more bids be equal in all respects, the Adjudication shall be decided by the drawing of lots.

### **3.14 EXECUTION CAPACITY**

3.14.1 The bidder will be required to provide an efficient and effective service. Therefore, the bidder is required to submit proof that he/she has the required capacity to execute the contract ed

for successfully. The bidder must supply references or state his/her experience as a company to undertake the contract. References of past experience of owners/employees of new entities must accompany the bid document.

### **3.15 EXTENSION OF CONTRACT**

3.15.1 An extension of contract may be considered. It is the normal policy that contracts are not extended. However, circumstances may arise whereby a contract cannot be renewed in time. If this is found to be the case, the right is reserved to approach existing contractor(s) to extend the contract for such period agreed to.

### **3.16 GENERAL EVALUATION CRITERIA**

The Bid Evaluation Committee will assess offers and adhere to the following basic guidelines when evaluating.

- a. Whether all the required information called for in the bid document has been submitted by the bidder.
- b. Has the bidder supplied references or stated his/her experience as a Company to undertake the contract. References of past experience must accompany the bid document.
- c. The financial standing of the bidder and ability to render a service may be examined before an award of bid take place.
- d. Documented reports received from an institution/s pertaining to past bad performance by a company who is ing, may be taken into consideration.
- e. Did the bidder attend the site inspection/ briefing?
- f. Will the bidder be in a position to successfully execute the contract?

### **3.17 IRREGULARITIES**

2.17.1 Companies are encouraged to advise the Department timeously of any possible irregularities which might come to their notice in connection with this or other contracts.

### **3.18 JOINT VENTURES**

- 3.18.1 In terms of the Supply Chain Management Policy Framework, a consortium or joint venture may, based on the percentage of the contract value managed or executed by respective members.
- 3.18.2 Should this bid be submitted by a joint venture, a certified copy of the joint venture agreement **must** accompany the bid document before the closing date and time of bid. The joint venture agreement must clearly specify the percentage of the contract to be undertaken by each company participating therein.
- 3.18.3 A trust, consortium or joint-venture must obtain and submit **a consolidated B-BBEE Status Level Verification Certificate**. The non-submission of a consolidated B-BBEE Certificate by a company will result in preference points not being allocated to such company. Failure to submit the joint venture Agreement will result in preference points not being allocated to all companies participating in the joint venture.

### **3.19 LATE BIDS**

- 3.19.1 Bids are late if they are received at the address indicated in the bid documents after the closing date and time.
- 3.19.2 A late bid shall not be considered and, where practicable, shall be returned unopened to the Bidder, accompanied by an explanation.

### **3.20 NOTIFICATION OF ADJUDICATION OF BIDDER & ADVERTISING OF RESULTS**

- 3.20.1 Notification of the Adjudication of bid shall be in writing by a duly authorized official of Co-operative Governance and Tradition Affairs' Supply Chain Management unit.

### **3.21 PRO RATA DECREASE OF COMPENSATION**

- 3.21.1 Should the services not be rendered to the satisfaction of the Department and unsatisfactory items/ aspects/ events have already, in writing, been brought to the attention of the Contractor, the Department reserves the right in terms of paragraph **3.27** hereunder, to retain payment to the Contractor for as long as the unsatisfactory service continues.

### **3.23 CENTRAL SUPPLIERS DATABASE**

- 2.23.1 A bidder submitting an offer must be registered on the Central Suppliers Database. A bidder who has submitted an offer and is not registered on the Central Suppliers Database will not be considered.
- 3.23.2 Each party to a Joint Venture/Consortium must be registered on the Central Suppliers Database at the time of submitting the bid.

### **3.24 SUBMISSIONS AND COMPLETION OF SBD 6.1 (not applicable to the establishment of panels)**

- 3.24.1 Failure by the Bidders to submit supporting documents will result in the bidder not being considered for preference points allocation. If the information required is not applicable to the business, clearly insert the symbols "N/A" in the appropriate space. If the space provided is left blank, it will be regarded as information that is still outstanding and the SBD 6.1 will not be processed further.

### **3.25 TERMINATION OF SERVICES**

3.25.1 Should the Contractor fail to meet the conditions of this contract, or continue rendering unsatisfactory service, the Employer reserves the right to terminate the contract, after written notification has been served on the Contractor, with retention of the right to recover from the Contractor any losses which the Employer may suffer/ incur as a result of the failure, without prejudicing any other rights it may have.

### **3.26 TAX CLEARANCE CERTIFICATE**

3.26.1 The central supplier database and the tax compliance status pin are the approved methods that will be utilised to verify Tax Clearance compliance.

### **3.27 UNSATISFACTORY PERFORMANCE**

3.27.1 Unsatisfactory performance occurs when performance is not in accordance with the contract conditions.

- (i) Before any action is taken, the Department shall warn the contractor by registered/certified mail that action will be taken in accordance with the contract conditions unless the contractor complies with the contract conditions and delivers satisfactory supplies or services within a specified reasonable time (7 days minimum). If the contractor does not perform satisfactorily despite the warning the Department will:
  - (a) take action in terms of its delegated powers
  - (b) make a recommendation for cancellation of the contract concerned.

### **3.28 VALIDITY PERIOD AND EXTENSION THEREOF**

3.28.1 The validity (binding) period for the bid must be **120** days from close of bid. However, circumstances may arise whereby this Department may request the bidders to extend the validity (binding) period. Should this occur, the Department will request bidders to extend the

validity (binding) period under the same terms and conditions as originally ed for by bidders. This request will be done before the expiry of the original validity (binding) period.

### **3.29 VAT**

2.29.1 Bid prices must be inclusive of VAT.

2.29.2 A tax invoice shall be in the currency of the Republic of South Africa and shall contain the following particulars:

- (a) The name, address and registration number of the supplier;
- (b) the name and address of the recipient;
- (c) an individual serialized number and the date upon which the tax invoice is issued;
- (d) a description of the goods or services supplied;
- (e) the quantity or volume of the goods or services supplied;
- (f) either :–
  - (i) the value of the supply, the amount of tax charged and the consideration for the supply; **or**
  - (ii) where the amount of tax charged is calculated by applying the tax fraction to the consideration, the consideration for the supply and either the amount of the tax charged, or a statement that it includes a charge in respect of the tax and the rate at which the tax was charged.

### 3.30 REGISTERED ADDRESS

The Department provides the following:

Street address as it's *domicillium citandi et executandi* in respect of any lawsuit which might result from or bears relevance to this contract, as well as for purposes of notice to :

The Head SCM Unit, KwaZulu-Natal Co-operative Governance and Traditional Affairs

'13 <sup>th</sup> floor, North Tower, Natalia Building. 330 Langalibalele Street PIETERMARITZBURG 3200	Private Bag X9078, PIETERMARITZBURG 3200
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# **TERMS OF REFERENCE**

**ZNT 2032/2022 LG**

**APPOINTMENT OF A PANEL OF FINANCIAL EXPERTS  
TO PROVIDE FINANCIAL SUPPORT TO THE  
DEPARTMENT AND IDENTIFIED MUNICIPALITIES ON  
BEHALF OF THE DEPARTMENT FOR A PERIOD OF 36  
MONTHS**

## **PROJECT BRIEF**

### **APPOINTMENT OF A PANEL OF FINANCIAL EXPERTS TO PROVIDE FINANCIAL SUPPORT TO THE DEPARTMENT AND IDENTIFIED MUNICIPALITIES ON BEHALF OF THE DEPARTMENT FOR A PERIOD OF 36 MONTHS**

#### **1. OBJECTIVE**

The Department of Cooperative Governance and Traditional Affairs is to appoint a panel of professional service providers to assist with the implementation of Operation Clean Audit, Provincial Interventions and identified financial management support to the Department in terms of the Public Finance Management Act (PFMA) and the Municipal Finance Management Act (MFMA).

The objective of this deployment is to appoint suitably skilled qualified financial professionals who will be deployed to the municipality for a period agreed upon to provide hands on support to the municipality, identify financial challenges and develop an implementation/recovery support plan to restore the financial viability and sustainability of the municipality. Those Financial Professionals appointed to the panel in terms of Discipline 11 on page 4 of this document are expected to provide financial management support to the Department of Cooperative Governance and Traditional affairs in compliance with the PFMA.

#### **2. BACKGROUND**

The Department has a constitutional mandate to monitor and support municipalities. The Department itself is further legally bound to comply with the Public Finance Management Act. In keeping with its mandate, various programmes of support have been developed by the Department. For the purposes of this document the following three programmes are indicative of the support activities that will address the mandate of the Department.

#### **OPERATION CLEAN AUDIT**

Operation Clean Audit is a programme developed by the Department to address the areas raised by the Auditor General within an Audit report of a municipality. Audit opinions that are negative in nature, namely qualified, adverse and disclaimer of opinions are indications that support is required to address these findings. The purpose of Operation Clean Audit is to support and assist municipalities to eradicate all qualified audit opinions, adverse audit opinions and disclaimer of opinions in order to achieve financially unqualified audit opinions

thus improving the audit outcome and maintain those that are unqualified. This can be addressed by supporting and making recommendations on matters of financial reporting, performance management, internal control deficiencies, compliance with laws and legislations emerging in audit reports of municipalities and improve the quality of annual financial statements.

## **INTERVENTIONS**

Municipalities that are in a financial crisis are assisted by interventions of the Department either through Constitutional section 139 Interventions or Provincial Interventions in terms of provisions of the Municipal Finance Management Act, S136- S138. Municipalities that are under intervention will be supported by an external resource with the development and implementation of a financial recovery plan. The financial recovery plan will address financial difficulties experienced by the municipality; improve governance and financial control systems thus restoring the financial health of the municipality in order that it may manage its own affairs.

The purpose of establishing a panel of expertise under the auspices of Operation Clean Audit and those municipalities under intervention is to provide financial support as identified in the scope of work in paragraph 3 of this document to restore financial viability and sustainability. The panel of experts will also include support to the Department in terms of the PFMA.

## **SUPPORT TO THE DEPARTMENT**

Financial Management support to the Department will be identified in terms of the PFMA and will include modified cost accounting, commitments, addressing audit findings and other areas as identified by the Department.

## **3. DETAILED SCOPE OF WORK**

### ***Deployment methodology***

The appointment of skilled financial professional/s will be deployed to the identified Municipality or business unit within the Department as determined by the Accounting Officer. The appointed service provider will be required to perform a scope of work from activities detailed below as a guideline. The resource selected from the appointed panel established will be assigned to an identified municipality or business unit within the Department to develop and present an implementation/recovery support plan detailing tasks to be undertaken with key

milestones and deliverables that will be achieved. The implementation support/recovery plan will be subject to approval by the Department and Municipality. Financial experts tendering to support the Department will be assigned duties in line with the PFMA and as identified by the Department.

**The established panel of expertise must have the following minimum competencies and expertise:**

1. Comprehensive knowledge and understanding of the legislation applicable to municipalities, including but not limited to the MFMA, DoRA, VAT Act, Taxation Administration Act, Municipal Property Rates Act; Municipal Systems Act and Municipal Structures Act;
2. In the instance of support to the Department comprehensive knowledge and understanding of the legislation applicable to provincial departments including but not limited to the PFMA, PPPFA and Treasury Regulations and Instruction Notes. Knowledge and experience with the financial system used by the Department;
3. Thorough knowledge and understanding of National Treasury Guidelines and Regulations relevant to municipalities;
4. Knowledge and experience in the workings of the various financial systems used by municipalities including the processing and extracting of information;
5. Knowledge and expertise in the application of Generally Recognised Accounting Practices (GRAP) in municipalities;
6. Knowledge and expertise in application of International Internal Audit Standards.
7. Knowledge, expertise and practical experience in contributing to improved sustainability and financial viability through the conduct of projects with particular reference to the scope of work identified in Clause 3 above.
8. Ability to transfer skills to provincial and municipal officials; and
9. A clear understanding of the dynamics of the KwaZulu-Natal municipalities and the Department of Cooperative Governance and Traditional Affairs.

**4. AREAS OF DISCIPLINE:**

<b>SCOPE OF OPERATION CLEAN AUDIT AND PROVINCIAL INTERVENTIONS</b>	
<b><i>Areas of financial discipline</i></b>	<b>CODE</b>

1. Review the audit report and management letter, audit implementation plan, reports of progress and make recommendations for improvement.	AD1
2. Preparation of GRAP compliant interim/financial statements and financial reporting aligned to MSCOA/Modified Cash Standards Framework (MCS)	AD2
3. Asset and liability management (accounting treatment and infrastructure treatment of assets especially service delivery assets.	AD3
4. Assessing and reviewing municipal financial management processes resulting in improved audit outcomes	AD4
5. Revenue enhancement, debt management and credit control processes	AD5
6. Supply chain management processes, expenditure management and cash management.	AD6
7. Budget support and management, cash flow and cost containment	AD7
8. Internal Audit support and review of compliance in internal audit support plans and implementation.	AD8
9. Property Rates and implementation of the Municipal Property Rates Act	AD9
10. Provincial interventions relating to finances in terms of section 136(2) of the MFMA and section 139 of the Constitution of South Africa.	AD10
11. Financial Management support to the Department of Cooperative Governance and Traditional Affairs in terms of the PFMA.	AD11
12. Support on Performance Management Systems	AD12
13. Audit on Information Technology Systems	AD13

The projects will be managed in staged phases as indicated hereunder:

### **Phase One: Operation Clean Audit and Interventions**

1. Assess the municipal environment by conducting a review of the internal processes of the following areas:
  - Audit report areas and audit response plan implementation
  - Financial reconciliations and update of ledgers
  - Grant reconciliations
  - Asset management
  - Budget management and cash flow
  - Non -compliance of GRAP standards and policy implementation
  - Compliance with Supply Chain management
  - Financial business processes and Standard Operating Procedures
  - Financial management and reporting
  - Performance management systems, reporting, monitoring and evaluation
  - Competency and skills levels of financial staff
  - Compliance and readiness of preparatory processes in relation to period of year.
  - Develop a recovery plan/implementation plan of support required.
  - Discuss the plan with COGTA, seek approval and finalize plan.
  - Present the recovery /implementation plan to Council for adoption and implementation.
  - Discuss support implementation plan/recovery plan and period of support with municipality and COGTA.

### **Phase two:**

- Execute the implementation of the support/recovery plan.
- Prepare progress reporting on the implementation of the plan.

- Convene monthly steering committee meetings with management and CoGTA to discuss progress
- Review and revise plan as necessary with CoGTA approval.

### **Phase three:**

- Finalise project close out.
- Prepare exit strategy.
- Document skills transfer and best practices where applicable.
- Discuss exit strategy with management and CoGTA where applicable.
- Submit final report on implementation of plan and way forward where applicable.

### **Activities**

The suitably qualified financial professional will be tasked with specific activities related to the following but not limited hereto:

Following the overview assessment, the following activities will be incorporated where applicable into the implementation/recovery plan for **Operation Clean Audit and Provincial interventions:**

### **Operation clean audit**

- Review all monthly transactions and ensure the General Ledger of the municipality is updated and in line with all other sub ledgers;
- Ensure all municipal financial reconciliations are up to date, accurate and appropriately recorded to form part of Audit working papers;
- Facilitate the audit preparation process for the applicable financial year up to the production of the audit working papers (Audit File).
- Review the Asset Register and ensure compliance with GRAP standard;
- Facilitate the preparation of a GRAP compliant Annual Financial Statements aligned to MSCOA;
- Review prior year audit issues and ensure progressive reporting on the implementation of the Audit Response Plan;

- Facilitate the Annual Report Implementation;
- Review the implementation of Performance Management as required;
- Address all performance related matters raised in the auditor general's report;
- Ensure the municipality is fully compliant with all performance related matters, including alignment of KPI's, targets etc ;
- Provide weekly updates and progress reports to the Department on the implementation of the project management implementation plan;
- Analyse the tariff structure, determine appropriateness and determine a process to work towards cost reflective tariffs using an appropriate costing methodology for the applicable financial year;
- Match the billing system with the valuation roll and GIS data for completeness of revenue;
- Compare the records in the valuation roll against the GIS cadastral layer;
- Undertake a records match between the valuation roll records and the municipal billing system including comparison of physical records, values, ownership and categories;
- Identify anomalies, missing records and produce an exception report with a corrective action plan;
- Facilitate correction and updating of records in the valuation roll and billing;
- Providing assurance on credible data to be uploaded on the Revenue Management System;
- Assist in ensuring completeness and accuracy of billing;
- Assist in the implementation of the revenue enhancement strategy and debt reduction strategy;
- Identify debt that is recoverable and develop strategies to collect;
- Review the indigent management process for credible management of indigent debtors;
- Assist municipal staff in cleansing the existing consumer database;
- Advise the municipality on decisions required to increase efficiency of the units involved in the revenue management processes. (meter reading to billing);
- Assisting in the review of reports and reconciliations prepared by the officials;
- Recommend amendments necessary in the existing policies and procedures to improve efficiency;
- Assist in contributing towards the financial viability and sustainability of the municipality through improved revenue management practices;



- Improve capacity of municipalities to comply with the MFMA and related regulations, municipal by-laws, municipal policies and procedures linked to revenue management;
- Contributing towards improving the audit opinion of the municipality by ensuring that the corrective action plan on revenue management are effectively implemented. Assisting in the implementation of corrective action plan on AG queries on revenue management;
- Capacitating the revenue management unit in the execution of their duties;
- Ensure the functionality of the all financial forums including Interim finance committee and revenue and debt steering committee;
- Review the current cash flow projection for completeness, accuracy and credibility which must be used as a monitoring tool;
- Identify cost drivers and measures to reduce expenditure with consideration to circular 82 on cost containment to improve financial viability and cash flow;
- Assist with addressing unauthorised, irregular, fruitless and wasteful expenditure;
- Review financial reports for completeness, credibility and accuracy and make recommendations, identify areas of improvement;
- Assess capacity of staff and provide a report on the findings;
- Assess business processes across municipal departments to identify gaps and make recommendations to improve these processes for operational efficiency;
- Performing general financial management responsibilities;
- Where applicable capacity building of municipal officials, transferring of skill sets including the design and implementation of a plan to build capacity and transfer skills to the municipal officials in respect of the operational areas, for joint approval by the municipality and Department of Cooperative Governance and Traditional Affairs. This plan is to be included in the implementation support plan;
- Ensure transfers of skills to financial staff with portfolio of evidence.

#### **Audit Action Plans and compliance with GRAP**

- Develop, review and monitor implementation on audit action plans in relation management letter and audit report;
- Support on addressing audit issues on audit report and management letter;
- Prepare and implement methodology on technical audit issues to prevent recurrence of audit issues;

- Ensure municipalities have a GRAP checklist compliant and are fully compliant in all aspects of GRAP;
- Prepare Interim / Annual Financial Statements process plan;
- Preparation of GRAP compliant interim and Annual Financial Statements and financial reporting aligned to MSCOA;
- Prepare audit file aligned with the fairly presented Interim Financial Statements;
- Review Annual Financial Statements with audit file in compliant with GRAP;
- Review all monthly transactions and ensure the General Ledger of the municipality is updated and in line with all other sub ledgers;
- Support the municipality with Budget management and cash flow, compliance of GRAP standards and policy implementation and financial management and reporting;
- Capacity building of municipal officials, transferring of skill sets including the design and implementation of a plan to build capacity and transfer skills to the municipal officials in respect of the operational areas, for joint approval by the municipality and Department of Cooperative Governance and Traditional Affairs. This plan is to be included in the implementation support plan; and
- Ensure transfers of skills to financial staff with portfolio of evidence.

### **Asset management**

- Develop, review and monitor implementation on audit action plan relating to asset management audit issues raised on audit report and management letter;
- Support in resolving audit issues relating to Property, plant & Equipment, Investment property, Intangible assets, Heritage assets, Work-In-Progress, depreciation, amortisation costs, impairment, loss/ profit on disposal, etc.
- Support in resolving audit issues on asset management affecting prior year errors or changes in estimates and reclassifications;
- Prepare, review and improve Fixed Asset register;
- Review monthly reconciliations on Fixed asset register;
- Perform asset verification and asset counts (movable/ immovable assets);
- Support on accounting and reporting of inventories;
- Support to the entities' Asset Management Committee (AMC);
- Acceptance of Terms of Reference and Functions;

- Assist with unbundling of completed infrastructure projects;
- Assist municipal staff with the unbundling of completed project into separate asset classes;
- Componentise all completed projects and make sure that they are balancing with general ledger;
- Assist municipality in performing asset condition assessment and based on conditions of assets and other factors, decide if there are indicators to amend the estimated remaining lifespan, Residual Value, or amend the value with an Impairment;
- Report on impaired and non-moving projects for action by municipality and GRAP 17 disclosure purposes;
- Request management/actuaries for landfill reports as well as calculation;
- Review and confirm accuracy;
- Support on accounting and application of GRAP on Landfill site and prepare a disclosure note;
- Conduct re-assessment on useful lives and residual values of assets;
- Prepare disclosure note on Property, Plant & Equipment, Investment Property, Heritage assets and Intangible assets;
- Prepare audit file for Property, Plant & Equipment, Investment Property, Heritage assets and Intangible assets;
- Capacity building of municipal officials, transferring of skill sets including the design and implementation of a plan to build capacity and transfer skills to the municipal officials in respect of the operational areas, for joint approval by the municipality and Department of Cooperative Governance and Traditional Affairs. This plan is to be included in the implementation support plan; and
- Ensure transfers of skills to financial staff with portfolio of evidence.

### **Revenue and debt management**

- Review of the current technologies in place within the revenue function;
- Review the current process performance levels of billing and collection of revenue, budgets and tariffs;
- Review management practices deployed and their impact on revenue management and collection;
- Review the implementation of credit control and debt collection practices;

- Develop revenue enhancement strategy and relevant Standard Operating Procedures (SOPs);
- Develop process and mechanisms in place to deal with and manage indigents as debtors (where appropriate);
- Review the tariff setting methodology and tools currently in place;
- Scan the last three years audit reports and management letters for issues that relate to revenue and debt as raised by AGSA.
- Perform the following reconciliations:
  - the billing system with debtor data and indigent register;
  - the billing system and the property valuation roll;
  - Review of the debtors' ledgers for long outstanding debt and linking up with the unallocated receipts;
  - Identification of possible data quality issues e.g. missing data;
  - Review indigent management in relation to the impact it has on arrear debtor balances;
  - Review the standard operating procedure for indigent management and provide inputs for enhancements;
  - Review the progress on alignment of seamless District Indigent Register and policies;
- Provide practical recommendations to sustain and improve current collection revenue collection levels;
- Identify debt that is irrecoverable and support the writing-off of the irrecoverable debt;
- Establish Revenue Steering Committee with terms of reference and monitor functionality and effectiveness of Revenue Steering Committee
- Prepare monthly reports on revenue and debt collection improvement.
- Prepare a close out report for the revenue and debt management project.
- Capacity building of municipal officials, transferring of skill sets including the design and implementation of a plan to build capacity and transfer skills to the municipal officials in respect of the operational areas, for joint approval by the municipality and Department of Cooperative Governance and Traditional Affairs. This plan is to be included in the implementation support plan;
- Ensure transfers of skills to financial staff with portfolio of evidence.

## **Internal audit and Risk management**

- Conduct compliance assessment on internal controls in accordance with MFMA, GRAP, the annual Division of Revenue Act and other relevant legislations
- Conduct risk assessment on strategic and operating functions.
- Develop and monitor implementation of fraud risk register.
- Develop internal audit plan and confirm alignment with risk register.
- Conduct internal audit projects towards improving audit outcomes.
- Develop Compliance standard operating procedures
- Conduct Information Systems Internal audit projects
- Review Interim Financial Statements and Annual Financial Statements
- Conduct assessment on functionality and effectiveness of Audit Committee and Internal Audit
- Perform internal audit on adequacy, reliability and accuracy of financial reporting and information
- Conduct an external assessment (at least once every five years) and prepare a report of the results to the Department, the audit committee and accounting officer.
- Prepare monthly progress reports signed by Accounting Officer and submit to the Department.
- Prepare closeout report on internal audit and risk management project.
- Capacity building of municipal officials, transferring of skill sets including the design and implementation of a plan to build capacity and transfer skills to the municipal officials in respect of the operational areas, for joint approval by the municipality and Department of Cooperative Governance and Traditional Affairs. This plan is to be included in the implementation support plan; and
- Ensure transfers of skills to financial staff with portfolio of evidence.

## **Unauthorised, Irregular, Fruitless and Wasteful expenditure**

- Conduct an assessment on weakness internal controls and root cause for incurring Unauthorised, Irregular, Fruitless and Wasteful expenditure;
- Develop and implement audit action plan on audit issues raised on procurement and contract management and Unauthorised, Irregular, Fruitless and Wasteful expenditure;
- Resolve audit issues relating to Procurement and contract management and Unauthorised, Irregular, Fruitless and Wasteful expenditure

- Conduct assessment on prior years to determine completeness and accuracy of Unauthorised, Irregular, Fruitless and Wasteful expenditure;
- Develop and review Unauthorised, Irregular, Fruitless and Wasteful expenditure registers;
- Conduct payment voucher audit;
- Prepare and review Unauthorised, Irregular, Fruitless and Wasteful expenditure disclosure note on the Interim and Annual Financial Statements with supporting documents;
- Review SCM policy and prepare SCM standard Operating procedures;
- Develop, review and facilitate SCM Compliance checklist;
- Support MPAC in reviewing investigation reports on Unauthorised, Irregular, Fruitless and Wasteful expenditure;
- Capacitate MPAC and municipal officials on addressing Unauthorised, Irregular, Fruitless and Wasteful expenditure;
- Support in reducing 75% of Unauthorised, Irregular, Fruitless and Wasteful expenditure;
- Develop strategy to prevent and curb Unauthorised, Irregular, Fruitless and Wasteful expenditure;
- Prepare monthly report on reduction of Unauthorised, Irregular, Fruitless and Wasteful expenditure;
- Prepare close out report on reduction of Unauthorised, Irregular, Fruitless and Wasteful expenditure.
- Capacity building of municipal officials, transferring of skill sets including the design and implementation of a plan to build capacity and transfer skills to the municipal officials in respect of the operational areas, for joint approval by the municipality and Department of Cooperative Governance and Traditional Affairs. This plan is to be included in the implementation support plan; and
- Ensure transfers of skills to financial staff with portfolio of evidence.

**Support will also include activities illustrated below and in respect of areas covered above:**

### **Provincial Interventions in terms of the MFMA**

- To prepare in terms of section 141 a financial recovery plan compliant with Section 141(3) and section 142 of the MFMA in conjunction with the municipal support team from the Provincial Treasury, the municipal management and COGTA Department for approval by the MEC for COGTA in terms of section 143(1) of the MFMA.
- To ensure adoption of the recovery plan by the municipal council and ensure implementation of the recovery plan in accordance with section 145 of the MFMA.
- To report to the municipal council and the MEC for COGTA on a monthly basis or additionally as and when required in accordance with section 145(1) of the MFMA.
- Assist the MEC responsible for local government to review the provincial intervention in accordance with section 147(1) of the MFMA.
- Coordinate all support initiatives in the municipality including external service providers appointed by the municipality itself to undertake either financial management activities or other activities on behalf of the municipality in accordance with the recovery plan.
- Consider and advise council on whether it is necessary to make Applications for a Stay of Legal Proceedings in accordance with sections 152 of the MFMA.
- Ensure implementation of the recommendations of any forensic investigation report undertaken by the MEC for COGTA and report thereon.
- Ratify all recommendations by the administration to the Council which may have any financial implication.
- Provide guidance and advice in council decision making and report thereon to the MEC for COGTA.
- To coordinate and work together with the municipal team, provincial treasury team and COGTA team charged with execution of sections 137 of the MFMA at the Municipality.

### **Support to the Department of Cooperative Governance and Traditional Affairs;**

- Identified financial management support to the Department in terms of the PFMA, which will include but not limited to modified cost accounting, commitments, addressing audit findings and matters as identified by the Department.
- Provision of support to business units within the financial sections.
- Analysis of the impact on financial reporting in line with the implementation of the Act No.3 of 2019: Traditional and KhoiSan Leadership Act, 2019.

- Review and updating of the revenue and expenditure practice notes for Traditional Councils.
- Review the point of sale business processes and position of implementation.
- Assist the Department in providing quality assurance to the preparation process, compilation and submission of the Department's interim and annual financial statements for Traditional Affairs and Vote 11 and the Traditional Levies and Trust Accounts.
- Supporting the process of daily, monthly and annual reporting on the financial accounts and consolidating the approach of review.
- Accuracy of the supporting documents and disclosures in the financial statements.
- Review of methodologies and assumptions used for accounting estimates.
- Review of the assets registers and transfers between the main vote and the entity.
- Assist the Department in the finalisation of the clearing of the suspense accounts.
- Updating of the management assumptions in the provision of the Izinduna Back-pay.
- The service provider to assist the OCFO with technical guidance in financial reporting and audit matters.
- Provide support in the review of checklists utilized by the Finance Department to enhance the standards of internal controls where possible
- Technical advice and support during the preparation of disclosure notes.
- Transfer of skills in the form of handholding and on the job training.
- Attend meetings as may be requested.
- Prepare progress reports on the project, as and when required, and to be presented at strategic meetings.
- Internal control assignments.
- Investigations into instances of unauthorized, irregular, fruitless and wasteful expenditure.
- Preparation of a close out reports for completed activities in an approved work plan.

## **5. TIME FRAMES**

The procurement of the suitable company's/persons needs to take place immediately. The contract will be for a period determined by the Department through the advertisement of the



appointment of the panel, which will be on a rotational basis as defined in the project brief accepted and signed by the appointed panel.

- (1) The Department will make use of the panel of experts as soon as it is appointed for a period of three years.
- (2) The Chief Director: Municipal Finance or the Chief Financial Officer together with the expert or team of experts appointed by the Department will agree on the timeframe for the completion of a specific project as guided by a defined scope of work.

## **6. REMUNERATION**

Experts will be remunerated in accordance with the offer for a brief that they have submitted. Any offer submitted shall not exceed the Auditor General Tariff fees as gazetted/ published from time to time.

## **7. CONTRACT CONDITIONS**

If a particular brief requires a multi-disciplinary approach, experts on the panel of experts must form their own associations with other experts of the panel. Experts may not form associations with other experts who are not on the panel.

## **8. SKILLS, EXPERTISE AND EXPERIENCE REQUIRED**

### **Municipal Finance Experts (individuals):**

- 1) Directors/Partners must indicate whether they are CA's. Skills, expertise and experience of managers, supervisors and junior staff on the team must be indicated. All experts must have a minimum NQF level 7 qualifications in disciplines of Accounting, and/or Auditing.
- 2) All experts must have at least 6 years' experience in the Municipal Finance environment i.e. has a proven track record of work performed at a municipality. Experience must be indicated for each of the disciplines /categories. In the case of support to discipline 11, experience in supporting Provincial Departments (PFMA)
- 3) The proposal document must include specific details of projects undertaken within the municipal environment within the last three years or in the case of the PFMA projects undertaken at the Provincial Departments.

- 4) All experts must have a detailed knowledge of the relevant legislation relating to the municipal environment and the departmental environment.
- 5) Experience with the compilation of comprehensive close out reports, including a summary of highlights, achievements, challenges encountered and lessons learned together with recommendations on the implementation of future projects of this nature.
- 6) Registration with the Institute of Municipal Finance Officers or South African Institute of Chartered Accountants.

## **9. DELIVERABLES**

- 1) Development, approval and implementation of a comprehensive implementation/recovery plan.
- 2) All targets on the implementation/recovery plan must be achieved.
- 3) Monthly progress reports.
- 4) Monthly meetings to be held with stakeholders.
- 5) Stability and recovery of financial position of the Municipality.
- 6) Review and document of business work processes.
- 7) A portfolio of evidence on the transfer of skills to municipal finance staff.
- 8) An exit strategy.

## **10. INSTITUTIONAL ARRANGEMENTS**

The service provider appointed will be accountable to the Chief Director: Municipal Finance or the Chief Financial Officer.

## **11. MONITORING, REPORTING REQUIREMENTS AND PERFORMANCE MANAGEMENT**

- 1) The service provider will provide the Department with a recovery/implementation support plan and monthly reports indicating the progress against all milestones in the plan;
- 2) A comprehensive close-out report together with recommendations that will charter the way forward for future operation clean audit projects, support to intervention municipalities and or support to the Department.

## **12. CONTRACT PERIOD**

- 1) The service providers will be appointed by the Department for specific projects. Each project will have a specified timeframe set by the Department.
- 2) Panel will remain in place for a period of three years.

## **13. PANEL OF EXPERTS EVALUATION**

Only service providers who meet the eligibility criteria will qualify for evaluation.

## **14. SKILLS, EXPERTISE AND EXPERIENCE REQUIRED**

It is envisaged that local government finance practitioners with current affiliation to professional bodies such as the South African Institute of Charter Accountants (SAICA), Chartered Institute of Government Finance (CIGFARO), South African Council for the Property Valuers Profession (SACPUP), Institute of Internal Auditors South Africa (IIA), Independent Regulatory Board for Auditors and the South African Institute of Professional Accounts (SAIPA). The incumbent should also have project management skills.

The quality assurance would be through requesting written references from municipalities where the bidding service providers have undertaken similar work in the last three years.

The service provider is expected to have the following skills, expertise and experience:

- Must have a minimum NQF level 7 qualification in the disciplines of accounting and/or economics.
- The perspective bidder must have current affiliation to professional bodies such as the South African Institute of Charter Accountants (SAICA), Chartered Institute of Government Finance (CIGFARO), South African Council for the Property Valuers Profession (SACPUP), Institute of Internal Auditors South Africa (IIA), Independent Regulatory Board for Auditors and the South African Institute of Professional Accounts (SAIPA).
- Must have a proven track record of working in the local government municipal finance environment;
- The service provider must have multi-disciplinary project management skills in accordance to the selected categories on the discipline selected in the eligibility criteria.

- The service provider must have detailed knowledge of the relevant legislation relating to local government and the public sector

**15.** Experience in the compilation of comprehensive progress reports, closeout reports, including a summary of highlights, achievements, challenges encountered, lessons learned and recommendations for future projects of this nature.

## **16. EVALUATION**

1) The evaluation process consists of the following 2 independent phases –

I.Phase1: Eligibility 1

II. Phase 2: Eligibility 2

Bids must meet the requirements of each phase in order to proceed to the next. Bids that do not meet the requirements of a particular phase will be disqualified.

### **PHASE 1: ELIGIBILITY 1**

If a Bidder does not comply fully with each of the eligibility requirements (including submitting all information as required), it shall be regarded as non-compliance and the bid shall be disqualified. Unanswered questions will be regarded as a 'Not Comply'

The service provider must submit the following documents as part of its bid:

Eligibility criteria: Administrative		Method of verification (By Department)	YES / NO
Requirements & experience	Company experience  Minimum of 3 years' experience with at least 2 successful projects completed	Submit company profile and traceable reference letters	
	Company Director  Affiliation to professional bodies such as Cigfaro, Saica, CIA, IA	Submit proof of registration	

## PHASE 2: ELIGIBILITY 2

Bidders can select one or more disciplines, supporting documents to be provided to be successful in that category.

Tick area of discipline for categories that bidders will be placed.

SCOPE OF OPERATION CLEAN AUDIT AND PROVINCIAL INTERVENTIONS					
	Category	Areas of financial discipline	CODE	PLEASE TICK	SUBMIT
1	Audit and Internal Control	Review the audit report and management letter, audit implementation plan, reports of progress and make recommendations for improvement.	AD1		Signed close out report by the client
		Assessing and reviewing municipal financial management processes resulting in improved audit outcomes	AD4		Signed close out report by the client
		Internal Audit support and review of compliance in internal audit support plans and implementation	AD8		Signed close out report by the client
		Internal Audit support and review on Information Technology Systems	AD13		Signed close out report by the client

2	<b>Accounting</b>	Preparation of GRAP compliant interim/financial statements and financial reporting aligned to MSCOA.	AD2		Signed close out report by the client
		Asset and liability management (accounting treatment and infrastructure treatment of assets especially service delivery assets.	AD3		Signed close out report by the client
3	<b>Financial Management</b>	Revenue enhancement, debt management and credit control processes	AD5		Signed close out report by the client
		Supply chain management processes, expenditure management and cash management.	AD6		Signed close out report by the client
		Budget support and management, cash flow and cost containment	AD7		Signed close out report by the client
4	<b>Property Rates</b>	Property Rates and implementation of the Municipal Property Rates Act	AD9		Signed close out report by the client
5	<b>Financial Interventions</b>	Provincial interventions in terms of section 136(2) of the MFMA and section 139 of the Constitution of South Africa in respect of financial management.	AD10		Signed close out report by the client
6	<b>PFMA</b>	Financial Management support to the Department of Cooperative Governance and Traditional Affairs in terms of the PFMA.	AD11		Signed close out report by the client
7	<b>Performance Management</b>	Support on Performance Management Systems	AD12		Signed close out report by the client

## 17. APPROACH

Once the panel of Service Providers has been appointed, they shall be requested to quote on specific projects to be undertaken as shall be identified and determined by the Programme Manager from COGTA. Service providers will be categorised based on the discipline/s selected. Service providers will be invited to quote on a rotational basis based on the required discipline/s. The Department of Co-operative Governance and Traditional Affairs shall engage the service providers in various district municipalities where a need would have been identified and scope of work clearly determined for specific projects.

When requesting for quotations, service providers on the panel must possess the following resources and experience supported by the required evidence:

Provide evidence of the number of municipal financial management projects (or similar projects such financial recovery, asset management, municipal revenue and debt management and as per the relevant discipline/s) implemented in the public sector in the last three years.

Demonstration of the company capacity and/ or access to resources that display multi-disciplinary skills and expertise in the context of local government and the public sector.

Provide evidence of the companies' years' of experience in Local Government and Public Sector financial management as appropriate.

Provide evidence of registration with professional bodies and certified copies of qualifications of Team Leader, Team Members (Accounting) and other Team Members per discipline required.

## **18. ENQUIRIES**

For technical queries, please contact:

**Mrs. Joey Krishnan**

**Contact no.033 355 6512**

**Electronic mail:Joey.Krishnan@kzncogta.gov.za**

**DETAILS FOR COMPLETION OF AN ENVELOPE FOR A BID/QUOTATION**

Section 1 paragraph 6 of this bid/quotation document indicates the requirements for addressing of an envelope when a bid/quotation is submitted to the Department. Kindly ensure the envelope is addressed correctly because if it is not properly addressed the bid/quotation may be rejected as being invalid and returned to the respective bidder. The correct manner in which it is to be addressed is detailed below:

**EXAMPLE FORMAT**

<b>FRONT SIDE OF ENVELOPE</b>	
<b>Name and address of bidder:</b>	XYZ Consultants, PO Box 1234, Durban 4000
<b>Bid/Quotation Number:</b>	<b>ZNT 2032/2022LG</b>
<b>Description:</b>	<b>THE APPOINTMENT OF SKILLED FINANCIAL PROFESSIONALS TO CONSTITUTE A PANEL OF EXPERTS TO PROVIDE FINANCIAL SUPPORT TO IDENTIFIED MUNICIPALITIES ON BEHALF OF THE DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS, INCLUDING FINANCIAL MANAGEMENT SUPPORT TO THE DEPARTMENT</b>
<b>Closing date:</b>	<b>29 June 2023</b>
<b>Closing time:</b>	<b>11:00</b>

<b>REVERSE SIDE OF ENVELOPE</b>	
<b>Department's details and address:</b>	The Head: Supply Chain Management Department of Co-operative Governance and Traditional Affairs 13 <sup>th</sup> Floor, North Tower Natalia Building 330 Langalibalele Street Pietermaritzburg 3201



## RETURNABLE DOCUMENTS

BIDDERS ARE REQUIRED TO ATTACH THE FOLLOWING DOCUMENT TOGETHER WITH THEIR PROPOSAL ON THE CLOSING DATE OF THE BID:

CERTIFIED COPY OF B-BBEE STATUS VERIFICATION CERTIFICATE
VALID PIN STATUS FROM SARS VALID FOR A MINIMUM OF 12 MONTHS
COMPANY PROFILE
PROOF OF REGISTRATION WITH CENTRAL SUPPLIER DATABASE (CSD)
<b>PDF COPY OF PROPOSAL (COMPLETED TENDER DOCUMENT AND ATTACHMENTS) ON A DISC (COMPULSORY)</b>

## ANNEXURE “B”

### GENERAL CONDITIONS OF CONTRACT<sup>3</sup>

THE NATIONAL TREASURY  
Republic of South Africa



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### GOVERNMENT PROCUREMENT: GENERAL CONDITIONS OF CONTRACT July 2010

#### NOTES

The purpose of this document is to:

(i) Draw special attention to certain general conditions applicable to government bids, contracts and orders; and

(ii) To ensure that clients be familiar with regard to the rights and obligations of all parties involved in doing business with government.

In this document words in the singular also mean in the plural and vice versa and words in the masculine also mean in the feminine and neuter.

1. The General Conditions of Contract will form part of all bid documents and may not be amended.

2. Special Conditions of Contract (SCC) relevant to a specific bid, should be compiled separately for every bid (if applicable) and will supplement the General Conditions of Contract. Whenever there is a conflict, the provisions in the SCC shall prevail.

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<sup>3</sup> A copy of the complete document set containing the General Conditions of Contract is available on [www.kzncogta.gov.za/bids](http://www.kzncogta.gov.za/bids)

## **GENERAL CONDITIONS OF CONTRACT TABLE OF CLAUSES**

1. Definitions
2. Application
3. General
4. Standards
5. Use of contract documents and information; inspection
6. Patent rights
7. Performance security
8. Inspections, tests and analysis
9. Packing
10. Delivery and documents
11. Insurance
12. Transportation
13. Incidental services
14. Spare parts
15. Warranty
16. Payment
17. Prices
18. Contract amendments
19. Assignment
20. Subcontracts
21. Delays in the supplier's performance
22. Penalties
23. Termination for default
24. Dumping and countervailing duties
25. Force Majeure
26. Termination for insolvency
27. Settlement of disputes
28. Limitation of liability
29. Governing language
30. Applicable law
31. Notices
32. Taxes and duties
33. National Industrial Participation Programme (NIPP)
34. Prohibition of restrictive practices

## GOVERNMENT PROCUREMENT

### GENERAL CONDITIONS OF CONTRACT

July 2010

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4. Standards
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7. Performance security
8. Inspections, tests and analysis
9. Packing
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## GOVERNMENT PROCUREMENT

### GENERAL CONDITIONS OF CONTRACT

July 2010

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#### General Conditions of Contract

##### 1. Definitions

1. The following terms shall be interpreted as indicated:

1.1 "Closing time" means the date and hour specified in the bidding documents for the receipt of bids.

1.2 "Contract" means the written agreement entered into between the purchaser and the supplier, as recorded in the contract form signed by the parties, including all attachments and appendices thereto and all documents incorporated by reference therein.

1.3 "Contract price" means the price payable to the supplier under the contract for the full and proper performance of his contractual obligations.

1.4 "Corrupt practice" means the offering, giving, receiving, or soliciting of anything of value to influence the action of a public official in the procurement process or in contract execution.

- 1.5 "Countervailing duties" are imposed in cases where an enterprise abroad is subsidized by its government and encouraged to market its products internationally.
- 1.6 "Country of origin" means the place where the goods were mined, grown or produced or from which the services are supplied. Goods are produced when, through manufacturing, processing or substantial and major assembly of components, a commercially recognized new product results that is substantially different in basic characteristics or in purpose or utility from its components.
- 1.7 "Day" means calendar day.
- 1.8 "Delivery" means delivery in compliance of the conditions of the contract or order.
- 1.9 "Delivery ex stock" means immediate delivery directly from stock actually on hand.
- 1.10 "Delivery into consignees store or to his site" means delivered and unloaded in the specified store or depot or on the specified site in compliance with the conditions of the contract or order, the supplier bearing all risks and charges involved until the supplies are so delivered and a valid receipt is obtained.
- 1.11 "Dumping" occurs when a private enterprise abroad market its goods on own initiative in the RSA at lower prices than that of the country of origin and which have the potential to harm the local industries in the RSA.
- 1.12 "Force majeure" means an event beyond the control of the supplier and not involving the supplier's fault or negligence and not foreseeable. Such events may include, but is not restricted to, acts of the purchaser in its sovereign capacity, wars or revolutions, fires, floods, epidemics, quarantine restrictions and freight embargoes.
- 1.13 "Fraudulent practice" means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of any bidder, and includes collusive practice among bidders (prior to or after bid submission) designed to establish bid prices at artificial non-competitive levels and to deprive the bidder of the benefits of free and open competition.
- 1.14 "GCC" means the General Conditions of Contract.
- 1.15 "Goods" means all of the equipment, machinery, and/or other materials that the supplier is required to supply to the purchaser under the contract.
- 1.16 "Imported content" means that portion of the bidding price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or his subcontractors) and which costs are inclusive of the costs abroad, plus freight and other direct importation costs such as landing costs, dock dues, import duty, sales duty or other similar tax or duty at the South African place of entry as well as transportation and handling charges to the factory in the Republic where the supplies covered by the bid will be manufactured.

- 1.17 “Local content” means that portion of the bidding price which is not included in the imported content provided that local manufacture does take place.
- 1.18 “Manufacture” means the production of products in a factory using labour, materials, components and machinery and includes other related value-adding activities.
- 1.19 “Order” means an official written order issued for the supply of goods or works or the rendering of a service.
- 1.20 “Project site,” where applicable, means the place indicated in bidding documents.
- 1.21 “Purchaser” means the organization purchasing the goods.
- 1.22 “Republic” means the Republic of South Africa.
- 1.23 “SCC” means the Special Conditions of Contract.
- 1.24 “Services” means those functional services ancillary to the supply of the goods, such as transportation and any other incidental services, such as installation, commissioning, provision of technical assistance, training, catering, gardening, security, maintenance and other such obligations of the supplier covered under the contract.
- 1.25 “Written” or “in writing” means handwritten in ink or any form of electronic or mechanical writing.
2. Application
- 2.1 These general conditions are applicable to all bids, contracts and orders including bids for functional and professional services, sales, hiring, letting and the granting or acquiring of rights, but excluding immovable property, unless otherwise indicated in the bidding documents.
- 2.2 Where applicable, special conditions of contract are also laid down to cover specific supplies, services or works.
- 2.3 Where such special conditions of contract are in conflict with these general conditions, the special conditions shall apply.
3. General
- 3.1 Unless otherwise indicated in the bidding documents, the purchaser shall not be liable for any expense incurred in the preparation and submission of a bid. Where applicable a non-refundable fee for documents may be charged.
- 3.2 With certain exceptions, invitations to bid are only published in the Government Bulletin. The Government Bulletin may be obtained directly from the Government Printer, Private Bag X85, Pretoria 0001, or accessed electronically from [www.treasury.gov.za](http://www.treasury.gov.za)
4. Standards



4.1 The goods supplied shall conform to the standards mentioned in the bidding documents and specifications.

5. Use of contract documents and information; inspection.

5.1 The supplier shall not, without the purchaser's prior written consent, disclose the contract, or any provision thereof, or any specification, plan, drawing, pattern, sample, or information furnished by or on behalf of the purchaser in connection therewith, to any person other than a person employed by the supplier in the performance of the contract. Disclosure to any such employed person shall be made in confidence and shall extend only so far as may be necessary for purposes of such performance.

5.2 The supplier shall not, without the purchaser's prior written consent, make use of any document or information mentioned in GCC clause

5.1 except for purposes of performing the contract.

5.3 Any document, other than the contract itself mentioned in GCC clause

5.1 shall remain the property of the purchaser and shall be returned (all copies) to the purchaser on completion of the supplier's performance under the contract if so required by the purchaser.

5.4 The supplier shall permit the purchaser to inspect the supplier's records relating to the performance of the supplier and to have them audited by auditors appointed by the purchaser, if so required by the purchaser.

6. Patent rights

6.1 The supplier shall indemnify the purchaser against all third-party claims of infringement of patent, trademark, or industrial design rights arising from use of the goods or any part thereof by the purchaser.

7. Performance security

7.1 Within thirty (30) days of receipt of the notification of contract award, the successful bidder shall furnish to the purchaser the performance security of the amount specified in SCC.

7.2 The proceeds of the performance security shall be payable to the purchaser as compensation for any loss resulting from the supplier's failure to complete his obligations under the contract.

7.3 The performance security shall be denominated in the currency of the contract, or in a freely convertible currency acceptable to the purchaser and shall be in one of the following forms:

- (a) a bank guarantee or an irrevocable letter of credit issued by a reputable bank located in the purchaser's country or abroad, acceptable to the purchaser, in the form provided in the bidding documents or another form acceptable to the purchaser; or
- (b) a cashier's or certified cheque

7.4 The performance security will be discharged by the purchaser and returned to the supplier not later than thirty (30) days following the date of completion of the supplier's performance

obligations under the contract, including any warranty obligations, unless otherwise specified in SCC.

## 8. Inspections, tests and analyses

8.1 All pre-bidding testing will be for the account of the bidder.

8.2 If it is a bid condition that supplies to be produced or services to be rendered should at any stage during production or execution or on completion be subject to inspection, the premises of the bidder or contractor shall be open, at all reasonable hours, for inspection by a representative of the Department or an organization acting on behalf of the Department.

8.3 If there are no inspection requirements indicated in the bidding documents and no mention is made in the contract, but during the contract period it is decided that inspections shall be carried out, the purchaser shall itself make the necessary arrangements, including payment arrangements with the testing authority concerned.

8.4 If the inspections, tests and analyses referred to in clauses 8.2 and 8.3 show the supplies to be in accordance with the contract requirements, the cost of the inspections, tests and analyses shall be defrayed by the purchaser.

8.5 Where the supplies or services referred to in clauses 8.2 and 8.3 do not comply with the contract requirements, irrespective of whether such supplies or services are accepted or not, the cost in connection with these inspections, tests or analyses shall be defrayed by the supplier.

8.6 Supplies and services which are referred to in clauses 8.2 and 8.3 and which do not comply with the contract requirements may be rejected.

8.7 Any contract supplies may on or after delivery be inspected, tested or analyzed and may be rejected if found not to comply with the requirements of the contract. Such rejected supplies shall be held at the cost and risk of the supplier who shall, when called upon, remove them immediately at his own cost and forthwith substitute them with supplies which do comply with the requirements of the contract. Failing such removal the rejected supplies shall be returned at the suppliers cost and risk. Should the supplier fail to provide the substitute supplies forthwith, the purchaser may, without giving the supplier further opportunity to substitute the rejected supplies, purchase such supplies as may be necessary at the expense of the supplier.

8.8 The provisions of clauses 8.4 to 8.7 shall not prejudice the right of the purchaser to cancel the contract on account of a breach of the conditions thereof, or to act in terms of Clause 23 of GCC.

## 9. Packing

9.1 The supplier shall provide such packing of the goods as is required to prevent their damage or deterioration during transit to their final destination, as indicated in the contract. The packing shall be sufficient to withstand, without limitation, rough handling during transit and exposure to extreme temperatures, salt and precipitation during transit, and open storage. Packing, case

size and weights shall take into consideration, where appropriate, the remoteness of the goods' final destination and the absence of heavy handling facilities at all points in transit.

9.2 The packing, marking, and documentation within and outside the packages shall comply strictly with such special requirements as shall be expressly provided for in the contract, including additional requirements, if any, specified in SCC, and in any subsequent instructions ordered by the purchaser.

#### 10. Delivery and documents

10.1 Delivery of the goods shall be made by the supplier in accordance with the terms specified in the contract. The details of shipping and/or other documents to be furnished by the supplier are specified in SCC.

10.2 Documents to be submitted by the supplier are specified in SCC.

#### 11. Insurance

11.1 The goods supplied under the contract shall be fully insured in a freely convertible currency against loss or damage incidental to manufacture or acquisition, transportation, storage and delivery in the manner specified in the SCC.

#### 12. Transportation

12.1 Should a price other than an all-inclusive delivered price be required, this shall be specified in the SCC.

#### 13. Incidental services

13.1 The supplier may be required to provide any or all of the following services, including additional services, if any, specified in SCC:

- (a) performance or supervision of on-site assembly and/or commissioning of the supplied goods;
- (b) furnishing of tools required for assembly and/or maintenance of the supplied goods;
- (c) furnishing of a detailed operations and maintenance manual for each appropriate unit of the supplied goods;
- (d) performance or supervision or maintenance and/or repair of the supplied goods, for a period of time agreed by the parties, provided that this service shall not relieve the supplier of any warranty obligations under this contract; and
- (e) training of the purchaser's personnel, at the supplier's plant and/or on-site, in assembly, start-up, operation, maintenance, and/or repair of the supplied goods.

13.2 Prices charged by the supplier for incidental services, if not included in the contract price for the goods, shall be agreed upon in advance by the parties and shall not exceed the prevailing rates charged to other parties by the supplier for similar services.

#### 14. Spare parts

14.1 As specified in SCC, the supplier may be required to provide any or all of the following materials, notifications, and information pertaining to spare parts manufactured or distributed by the supplier:

- (a) such spare parts as the purchaser may elect to purchase from the supplier, provided that this election shall not relieve the supplier of any warranty obligations under the contract; and
- (b) in the event of termination of production of the spare parts:
  - (i) Advance notification to the purchaser of the pending termination, in sufficient time to permit the purchaser to procure needed requirements; and
  - (ii) following such termination, furnishing at no cost to the purchaser, the blueprints, drawings, and specifications of the spare parts, if requested.

## 15. Warranty

15.1 The supplier warrants that the goods supplied under the contract are new, unused, of the most recent or current models, and that they incorporate all recent improvements in design and materials unless provided otherwise in the contract. The supplier further warrants that all goods supplied under this contract shall have no defect, arising from design, materials, or workmanship (except when the design and/or material is required by the purchaser's specifications) or from any act or omission of the supplier, that may develop under normal use of the supplied goods in the conditions prevailing in the country of final destination.

15.2 This warranty shall remain valid for twelve (12) months after the goods, or any portion thereof as the case may be, have been delivered to and accepted at the final destination indicated in the contract, or for eighteen (18) months after the date of shipment from the port or place of loading in the source country, whichever period concludes earlier, unless specified otherwise in SCC.

15.3 The purchaser shall promptly notify the supplier in writing of any claims arising under this warranty.

15.4 Upon receipt of such notice, the supplier shall, within the period specified in SCC and with all reasonable speed, repair or replace the defective goods or parts thereof, without costs to the purchaser.

15.5 If the supplier, having been notified, fails to remedy the defect(s) within the period specified in SCC, the purchaser may proceed to take such remedial action as may be necessary, at the supplier's risk and expense and without prejudice to any other rights which the purchaser may have against the supplier under the contract.

## 16. Payment

16.1 The method and conditions of payment to be made to the supplier under this contract shall be specified in SCC.

16.2 The supplier shall furnish the purchaser with an invoice accompanied by a copy of the delivery note and upon fulfillment of other obligations stipulated in the contract.

16.3 Payments shall be made promptly by the purchaser, but in no case later than thirty (30) days after submission of an invoice or claim by the supplier.

16.4 Payment will be made in Rand unless otherwise stipulated in SCC.

17. Prices 17.1 Prices charged by the supplier for goods delivered and services performed under the contract shall not vary from the prices quoted by the supplier in his bid, with the exception of any price adjustments authorized in SCC or in the purchaser's request for bid validity extension, as the case may be.

18. Contract amendments

18.1 No variation in or modification of the terms of the contract shall be made except by written amendment signed by the parties concerned.

19. Assignment

19.1 The supplier shall not assign, in whole or in part, its obligations to perform under the contract, except with the purchaser's prior written consent.

20. Subcontracts

20.1 The supplier shall notify the purchaser in writing of all subcontracts awarded under this contracts if not already specified in the bid. Such notification, in the original bid or later, shall not relieve the supplier from any liability or obligation under the contract.

21. Delays in the supplier's performance

21.1 Delivery of the goods and performance of services shall be made by the supplier in accordance with the time schedule prescribed by the purchaser in the contract.

21.2 If at any time during performance of the contract, the supplier or its subcontractor(s) should encounter conditions impeding timely delivery of the goods and performance of services, the supplier shall promptly notify the purchaser in writing of the fact of the delay, its likely duration and its cause(s). As soon as practicable after receipt of the supplier's notice, the purchaser shall evaluate the situation and may at his discretion extend the supplier's time for performance, with or without the imposition of penalties, in which case the extension shall be ratified by the parties by amendment of contract.

21.3 No provision in a contract shall be deemed to prohibit the obtaining of supplies or services from a national department, provincial department, or a local authority.

21.4 The right is reserved to procure outside of the contract small quantities or to have minor essential services executed if an emergency arises, the supplier's point of supply is not situated at or near the place where the supplies are required, or the supplier's services are not readily available.

21.5 Except as provided under GCC Clause 25, a delay by the supplier in the performance of its delivery obligations shall render the supplier liable to the imposition of penalties, pursuant to

GCC Clause 22, unless an extension of time is agreed upon pursuant to GCC Clause 21.2 without the application of penalties.

21.6 Upon any delay beyond the delivery period in the case of a supplies contract, the purchaser shall, without canceling the contract, be entitled to purchase supplies of a similar quality and up to the same quantity in substitution of the goods not supplied in conformity with the contract and to return any goods delivered later at the supplier's expense and risk, or to cancel the contract and buy such goods as may be required to complete the contract and without prejudice to his other rights, be entitled to claim damages from the supplier.

## 22. Penalties

22.1 Subject to GCC Clause 25, if the supplier fails to deliver any or all of the goods or to perform the services within the period(s) specified in the contract, the purchaser shall, without prejudice to its other remedies under the contract, deduct from the contract price, as a penalty, a sum calculated on the delivered price of the delayed goods or unperformed services using the current prime interest rate calculated for each day of the delay until actual delivery or performance. The purchaser may also consider termination of the contract pursuant to GCC Clause 23.

## 23. Termination for default

23.1 The purchaser, without prejudice to any other remedy for breach of contract, by written notice of default sent to the supplier, may terminate this contract in whole or in part:

- (a) if the supplier fails to deliver any or all of the goods within the period(s) specified in the contract, or within any extension thereof granted by the purchaser pursuant to GCC Clause 21.2;
- (b) if the Supplier fails to perform any other obligation(s) under the contract; or
- (c) if the supplier, in the judgment of the purchaser, has engaged in corrupt or fraudulent practices in competing for or in executing the contract.

23.2 In the event the purchaser terminates the contract in whole or in part, the purchaser may procure, upon such terms and in such manner as it deems appropriate, goods, works or services similar to those undelivered, and the supplier shall be liable to the purchaser for any excess costs for such similar goods, works or services. However, the supplier shall continue performance of the contract to the extent not terminated.

23.3 Where the purchaser terminates the contract in whole or in part, the purchaser may decide to impose a restriction penalty on the supplier by prohibiting such supplier from doing business with the public sector for a period not exceeding 10 years.

23.4 If a purchaser intends imposing a restriction on a supplier or any person associated with the supplier, the supplier will be allowed a time period of not more than fourteen (14) days to provide reasons why the envisaged restriction should not be imposed. Should the supplier fail to respond within the stipulated fourteen (14) days the purchaser may regard the intended penalty as not objected against and may impose it on the supplier.

23.5 Any restriction imposed on any person by the Accounting Officer / Authority will, at the

discretion of the Accounting Officer / Authority, also be applicable to any other enterprise or any partner, manager, director or other person who wholly or partly exercises or exercised or may exercise control over the enterprise of the first-mentioned person, and with which enterprise or person the first-mentioned person, is or was in the opinion of the Accounting Officer / Authority actively associated.

23.6 If a restriction is imposed, the purchaser must, within five (5) working days of such imposition, furnish the National Treasury, with the following information:

- (i) the name and address of the supplier and / or person restricted by the purchaser;
- (ii) the date of commencement of the restriction
- (iii) the period of restriction; and
- (iv) the reasons for the restriction.

These details will be loaded in the National Treasury's central database of suppliers or persons prohibited from doing business with the public sector.

23.7 If a court of law convicts a person of an offence as contemplated in sections 12 or 13 of the Prevention and Combating of Corrupt Activities Act, No. 12 of 2004, the court may also rule that such person's name be endorsed on the Register for Defaulters. When a person's name has been endorsed on the Register, the person will be prohibited from doing business with the public sector for a period not less than five years and not more than 10 years. The National Treasury is empowered to determine the period of restriction and each case will be dealt with on its own merits. According to section 32 of the Act the Register must be open to the public. The Register can be perused on the National Treasury website.

## 24. Anti-dumping and countervailing duties and rights

24.1 When, after the date of bid, provisional payments are required, or anti-dumping or countervailing duties are imposed, or the amount of a provisional payment or anti-dumping or countervailing right is increased in respect of any dumped or subsidized import, the State is not liable for any amount so required or imposed, or for the amount of any such increase. When, after the said date, such a provisional payment is no longer required or any such anti-dumping or countervailing right is abolished, or where the amount of such provisional payment or any such right is reduced, any such favourable difference shall on demand be paid forthwith by the contractor to the State or the State may deduct such amounts from moneys (if any) which may otherwise be due to the contractor in regard to supplies or services which he delivered or rendered, or is to deliver or render in terms of the contract or any other contract or any other amount which may be due to him

## 25. Force Majeure

25.1 Notwithstanding the provisions of GCC Clauses 22 and 23, the supplier shall not be liable for forfeiture of its performance security, damages, or termination for default if and to the extent that his delay in performance or other failure to perform his obligations under the contract is the result of an event of force majeure.

25.2 If a force majeure situation arises, the supplier shall promptly notify the purchaser in writing of such condition and the cause thereof. Unless otherwise directed by the purchaser in writing, the supplier shall continue to perform its obligations under the contract as far as is reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the force majeure event.

## 26. Termination for insolvency

26.1 The purchaser may at any time terminate the contract by giving written notice to the supplier if the supplier becomes bankrupt or otherwise insolvent. In this event, termination will be without compensation to the supplier, provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to the purchaser.

## 27. Settlement of Disputes

27.1 If any dispute or difference of any kind whatsoever arises between the purchaser and the supplier in connection with or arising out of the contract, the parties shall make every effort to resolve amicably such dispute or difference by mutual consultation.

27.2 If, after thirty (30) days, the parties have failed to resolve their dispute or difference by such mutual consultation, then either the purchaser or the supplier may give notice to the other party of his intention to commence with mediation. No mediation in respect of this matter may be commenced unless such notice is given to the other party.

27.3 Should it not be possible to settle a dispute by means of mediation, it may be settled in a South African court of law.

27.4 Mediation proceedings shall be conducted in accordance with the rules of procedure specified in the SCC.

27.5 Notwithstanding any reference to mediation and/or court proceedings herein,

- (a) the parties shall continue to perform their respective obligations under the contract unless they otherwise agree; and
- (b) the purchaser shall pay the supplier any monies due the supplier.

28.1 Except in cases of criminal negligence or willful misconduct, and in the case of infringement pursuant to Clause 6;

- (a) the supplier shall not be liable to the purchaser, whether in contract, tort, or otherwise, for any indirect or consequential loss or damage, loss of use, loss of production, or loss of profits or interest costs, provided that this exclusion shall not apply to any obligation of the supplier to pay penalties and/or damages to the purchaser; and



## 28. Limitation of liability

## 29. Governing language

aggregate liability of the supplier to the purchaser, whether under the contract, in tort or otherwise, shall not exceed the total contract price, provided that this limitation shall not apply to the cost of repairing or replacing defective equipment.

29.1 The contract shall be written in English. All correspondence and other documents pertaining to the contract that is exchanged by the parties shall also be written in English.

## 30. Applicable law

30.1 The contract shall be interpreted in accordance with South African laws, unless otherwise specified in SCC.

## 31. Notices

31.1 Every written acceptance of a bid shall be posted to the supplier concerned by registered or certified mail and any other notice to him shall be posted by ordinary mail to the address furnished in his bid or to the address notified later by him in writing and such posting shall be deemed to be proper service of such notice

31.2 The time mentioned in the contract documents for performing any act after such aforesaid notice has been given, shall be reckoned from the date of posting of such notice.

## 32. Taxes and duties

32.1 A foreign supplier shall be entirely responsible for all taxes, stamp duties, license fees, and other such levies imposed outside the purchaser's country.

32.2 A local supplier shall be entirely responsible for all taxes, duties, license fees, etc., incurred until delivery of the contracted goods to the purchaser.

32.3 No contract shall be concluded with any bidder whose tax matters are not in order. Prior to the award of a bid the Department must be in possession of a tax clearance certificate, submitted by the bidder. This certificate must be an original issued by the South African Revenue Services.

## 33. National Industrial Participation (NIP) Programme

## 34 Prohibition of Restrictive practices

33.1 The NIP Programme administered by the Department of Trade and Industry shall be applicable to all contracts that are subject to the NIP obligation.

- 34.1 In terms of section 4 (1) (b) (iii) of the Competition Act No. 89 of 1998, as amended, an agreement between, or concerted practice by, firms, or a decision by an association of firms, is prohibited if it is between parties in a horizontal relationship and if a bidder (s) is / are or a contractor(s) was / were involved in collusive bidding (or bid rigging).
- 34.2 If a bidder(s) or contractor(s), based on reasonable grounds or evidence obtained by the purchaser, has / have engaged in the restrictive practice referred to above, the purchaser may refer the matter to the Competition Commission for investigation and possible imposition of administrative penalties as contemplated in the Competition Act No. 89 of 1998.
- 34.3 If a bidder(s) or contractor(s), has / have been found guilty by the Competition Commission of the restrictive practice referred to above, the purchaser may, in addition and without prejudice to any other remedy provided for, invalidate the bid(s) for such item(s) offered, and / or terminate the contract in whole or part, and / or restrict the bidder(s) or contractor(s) from conducting business with the public sector for a period not exceeding ten (10) years and / or claim damages from the bidder(s) or contractor(s) concerned.

Js General Conditions of Contract (revised July 2010)