

PHOKWANE LOCAL MUNICIPALITY



BID: IA12/2122

INTERNAL AUDIT AND AD HOC SERVICES TO PHOKWANE LOCAL MUNICIPALITY FOR A PERIOD OF THREE (3) YEARS.

Closing Date: 24 JANUARY 2022 AT 12:00pm

Company	
Contact Person	
Telephone Number	
Facsimile	
Tender amount (VAT inclusive)	
Delivery Date	

PHOKWANE LOCAL MUNICIPALITY



INVITATION TO BID

Phokwane Local Municipality hereby invites qualified service providers to submit tenders for the service as indicated here-below.

BID NO.	DESCRIPTION	Non Refundable fee	Closing date	Point system
IA12/2122	INTERNAL AUDIT AND AD HOC SERVICES TO PHOKWANE LOCAL MUNICIPALITY FOR A PERIOD OF THREE (3) YEARS	R1000.00	24 Jan 2022	80/20

This BID will be evaluated in terms of the 80/20 preference point system as prescribed in the Preferential Procurement Regulations, 2017 pertaining to the PPPF Act (No 5 of 2000) and the Supply Chain Management Policy of Phokwane Local Municipality. Phokwane Local Municipality is not bound to accept the lowest bid or award a contract to the bidder scoring the highest points. The Municipality reserves the right to partial acceptance of one or more bids, to withdraw any invitation to tender and/or to re-advertise or to reject any tender.

COMPULSORY BRIEFING SESSION WILL BE HELD AS FOLLOWS:

DATE: 12 JANUARY 2022, TIME: 10h00am

VENUE: PHOKWANE LOCAL MUNICIPALITY, LIBRARY HALL, HARTSWATER

The closing date for submissions is **24 January 2022 at 12h00**. Bids will be opened after 24 hours of closing date and time, the opening will be conduct in public and the closing list will be send to all bidders and the municipal website.

Tenders (with all required statutory and non-statutory documents) should be clearly marked: **BID: IA12/2122 - APPOINTMENT OF AN INTERNAL AUDIT AND AD HOC SERVICES TO PHOKWANE LOCAL MUNICIPALITY FOR A PERIOD OF THREE (3) YEARS**

And must be deposited in the Tender Box of the Phokwane Local Municipality at the Reception area, Ground floor, Hartswater Municipal building, 24 Hertzog Street, Hartswater.

Tender documents are obtainable on the website of Phokwane Local Municipality or downloadable on the e-Tender website, hard copies will only be available from the 03rd of January 2022. Enquiries on technicalities may be directed to Ms B Mgaguli at tel. (053) 474 9700 and for supply chain matters to Mr. BD Segalo at tel. (053) 474 9700 during office hours.

Please note that faxed, e-mailed or late quotations will not be accepted.

If no response is received in Ninety (90) days after the closing date, consider your BID unsuccessful.

Ms B Mgaguli
Acting Municipal Manager
Phokwane Local Municipality

1. INTRODUCTION

These terms of reference are intended to provide a scope of work and deliverables to appoint Internal Auditors for a period of three years. According to the Municipal Finance Management Act (Act No. 56 of 2003) Chapter 14, Section 165, each municipality must have an internal audit unit. This service may be outsourced if the municipality requires assistance with its capacity.

In order to have access to different specialized expertise it was decided to outsource the internal audit function. The service provider will assist the Phokwane Local Municipality to accomplish the internal audit service objectives, and to assist in complying with the relevant legislation such as the MFMA, MSA, DoRA, etc.

2. PURPOSE OF THIS REQUEST FOR PROPOSALS

Phokwane Local Municipality seeks to appoint an appropriately qualified and experienced internal audit firm to provide internal audit and adhoc services for a period of three (3) years.

3. CLARITY SEEKING QUESTIONS

The tender documents may be obtained from 24 Hertzog Street, Hartswater from the 03rd January 2022 or downloaded from municipal website or E-tender bulletin

Clarity seeking questions relating to the bid can be sent in writing to bmgaguli@gmail.com from 12th January 2022. Alternatively, the questions can be asked during the compulsory briefing session to be held on the 12th January 2022. Written responses to all questions will be sent to all prospective bidders by the 18th January 2022.

4. RESPONSIBILITY OF INTERNAL AUDIT

The responsibility of internal audit, in line with the MFMA, is to determine whether Phokwane Local Municipality's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed;
- Interaction with the various governance groups occurs as needed;
- Significant financial, managerial, and operating information is accurate, reliable and timely;
- Employees actions are in compliance with policies, standards, procedures and applicable laws and regulations;
- Resources are acquired economically, used efficiently and adequately protected;
- Programmes, plans and objectives are achieved;
- Quality and continuous improvement are fostered in the organisation's control processes, and
- Significant, legislative, regulatory and ethics issues impacting the organization are recognised and addressed appropriately.

Although investigating fraud and other irregularities are not the primary focus of an internal audit function, internal audit shall maintain close liaison with management should any such issues be identified and such investigations will be included under adhoc services as agreed with management from time to time.

5. SCOPE OF WORK

The scope of work, divided between internal audit and adhoc services, is outlined below:

A. INTERNAL AUDIT SERVICES

A.1 Strategic Documents/Information

Prepare, in consultation with and for the approval by the Audit Committee:

- A rolling three-year strategic, internal audit plan for the relevant years based on its assessment of key areas of risk for the municipality, having regard to its current operations, those proposed in its strategic plan and risk management strategy;
- an annual internal audit plan for each of the relevant years;
- plans indicating the proposed scope of each audit in the annual internal audit plan; and
- a quarterly report to the Audit Committee detailing its performance against the annual internal audit plan, to allow effective monitoring and possible intervention.

A.2 Audit of Performance Information

Evaluation of measures instituted by management to ensure that allocated resources are being procured economically and utilized efficiently and effectively. In auditing performance information, the following, among others, will receive specific attention:

- Policies and procedures;
- Control environment relating to performance information reporting;
- All processes relevant to gathering, validating, analysing and reporting on performance information;
- Systems planning, budgeting, authorisation, control and evaluation in respect of revenue, expenditure and the allocation of resources;
- Proper delegation of responsibilities, powers, accountability and measures to monitor results against predetermined objectives, performance norms and standards to ensure that above-average is encouraged and unacceptable performance is corrected timeously;
- The extent to which policy objectives were set and decisions taken on the basis of adequate, appropriate, reliable financial and other information.
- To confirm whether the critical underlying assumptions have been disclosed.

A.3 Compliance Reviews

The objective of compliance audits is to evaluate to what extent policies and procedures, statutory requirements, management and legislative decisions have been complied with.

Statutory requirements will include adherence to the MPFMA, compliance checklist of the Auditor General and other relevant applicable legislation and regulations.

A.4 Information and Communication Technology (ICT) Reviews

A high-level review of the ICT governance and controls to obtain an understanding of the control environment to support the audit risk assessment and to ensure that proper ICT controls are in place in such a way as to ensure that IT supports the business objectives of the organisation.

Apart from the high-level review referred above, it will also be expected to review specific computer applications controls, controls over changes in the computer systems, the methodology of systems development, internal controls and procedures, backup and recovery procedures, disaster recovery plan and the physical control of the computer facilities.

A.5 Follow up reviews

The objective of these reviews is to determine the progress made by management with implementation of agreed action plans regarding areas for improvement previously reported by Internal Audit, AGSA and other assurance providers.

A.6 Human Resources and payroll

Activities to be undertaken includes the following:

- Monthly payroll processing and payment;
- Changes to standing data related to payroll, e.g. salaries, allowances, increases, non- statutory deductions;
- Deductions and payments to third parties including timely payments in terms of legislation or agreements;
- Preparation and review of the monthly ledger reconciliations pertaining to payroll accounts including the timely clearance of reconciling items;
- Authorisation and processing of subsistence and travel claims;
- Processing and maintenance of leave records including the regular leave provision;
- Proper segregation of duties and safeguarding of payroll information;
- Recruitment processes;
- Human Resource administration;
- Leave administration;
- Performance Management;
- Training and Development;
- Human Resource policies and procedures.

A.7 Supply Chain Management and Expenditure

- Review of policies and procedures;
- Authorisation of expenditure;
- Budget control;
- Ordering and receiving;
- Transfer payments;
- Contracts;
- Completeness of supporting documents;
- Compliance to procurement policy and legislation;
- Monitoring and control;
- Bid Committees (Bid Specification, Bid Evaluation and Bid Adjudication Committees)
- Conflicts of interest, etc.

A.8 Contract Management

- Review of the contracts register for accuracy and completeness;
- Confirm compliance with relevant legislative prescripts.

A.9 Internal Financial Control

- Cash flow management and reporting;
- Payments systems and controls;
- Reconciliations;
- Compliance to regulations;
- General ledger reconciliation reviews;

- Authorisation, accuracy and completeness of journals processed;
- Accuracy and completeness of reporting and budgets;
- Budgetary controls;
- Review of management's fair value estimates, impairments, and judgements impacting key assumptions underlying other critical accounting estimates as well as significant and unusual transactions.

-

A.10 Unauthorised, Irregular, and Fruitless and Wasteful Expenditure (UIFW)

- Reasonable steps taken to avoid UIFW;
- Compliance with various sections of the MFMA and SCM Regulations such as section 62, section 32 etc.;
- Ensure that the registers are accurate and complete;
- Disclosure requirements;
- Write-off and/or condonement processes.

A.11 Asset Management Review

- Review of the Fixed Asset Register;
- Review the Asset Management Policy and Procedures;
- Compliance of asset management transactions to the legislative framework;
- Review impairment schedules, write-off schedules etc.

A.12 Staff training and capacitation

- Train Internal Audit officials on various matter relating to Internal Audit and guidelines;
- Any other training requested by officials.

A.13 Other Matters

- Occupational Health and Safety;
- Enterprise Risk Management;
- Records Management;
- Security Management;
- High Level Review of Annual Financial Statements for external audit;
- Annual performance report.

B. AD HOC REVIEWS

These are special reviews/investigations to be performed by Internal Audit as requested by management and/or the Audit and Risk Committee. Such reviews will be approved by the Municipal Manager.

The prioritization of the ad hoc and special request work will be managed within the approved Annual Internal Audit Plan to ensure that the Audit and Risk Committee's requirements in terms of audit coverage are met. These activities may include the following:

- B.1 Fraud investigations and other irregularities;
- B.2 Theft investigations;
- B.3 Review of policies and strategies;
- B.4 Any other special requests by management outside of internal audit reviews.

14. EXPECTED OUTCOMES AND DELIVERABLES

a. Performing Audit Assignments

Each assignment should at least consist of the following:

- i. A pre-audit survey;
- ii. An audit planning memorandum;
- iii. Minutes of the entrance meeting;
- iv. A risk assessment document;
- v. System descriptions;
- vi. Audit programmes;
- vii. Sampling methodology;
- viii. Mechanisms for follow-up on matters previously reported and feedback to Audit and Risk Committee;
- ix. Mechanisms to ensure that working papers are reviewed at the appropriate level;
- x. A record of work performed;
- xi. Audit findings and recommendations;
- xii. Reporting (a draft internal audit report and a final internal audit report).

b. Reporting

The structure of the internal audit reports should cover the following (but not limited to the following):

- i. Introduction;
- ii. Audit objective and scope;
- iii. Findings;
- iv. Recommendations.

15. TIMELINE OF THE BID PROCESS

The timeline of this bid process are set out below:

Activity	Due Date
Advertisement of bid on Government e-tender portal/print media/ tender bulleting	22 December 2021
Compulsory briefing session	12 January 2022.
Closing date of questions relating to this bid	17 January 2022
Bid closing date	24 January 2022
Appointment of successful bidder	April 2022
Commencement of assignment	May 2022

Any time or date in this bid is subject to change at Phokwane Local Municipality's discretion. The establishment of a time or date in this bid does not create an obligation on the part of the municipality to take any action or create any right in any way for any bidder to demand that any action be taken on the date established. The bidders accepts that, if Phokwane Local Municipality extends the deadline for the bid submission (the Closing Date) for any reason, the requirements of this bid otherwise apply equally to the extended deadline.

16. EVALUATION STAGES

- a. The bid evaluation process consists of several stages that are applicable as defined in the table below:

Stage	Description	Applicable for this bid
Stage 1 A	Compulsory briefing session	Yes
Stage 1 B	Initial screening process to check compliance with bid requirements (administrative compliance)	Yes
Stage 2	Functionality requirement evaluation	Yes
Stage 3	Price and BBBEE evaluation.	Yes

Stage 1

Verification of service provider(s) compliance with bid requirements and initial screening process (administrative compliance).

Stage 2:

The Technical proposal will be evaluated out of 100 points with a threshold of 70 points. Bidders that score less than minimum of 70 points will be disqualified. Bidders must score a minimum of 70 or more points to qualify for further evaluation on price and preference points.

Stage 3:

Bids will then be evaluated in accordance with the prescripts of the Preferential Procurement Policy Framework Act (PPPFA) (No. 5 of 2000) and the associated Preferential Procurement Regulations of 2017, which stipulate an 80:20 preference point system is applicable up to a rand value of R50 million (all applicable taxes included).

- i. The following criteria will be used in particular as the criteria for appointment, apart from those laid down in the Preferential Procurement Regulations (2017) pertaining to the Preferential Procurement Policy Framework Act (No. 5 of 2000).
- ii. Where BBBEE points are claimed, a certified copy of BBBEE certificate or Original Affidavit (as applicable) must be attached.
- iii. The points for this bid are allocated as follows:

No	Components	Points
1.	Price	80
2.	Preferential points: BBBEE	20
	Total	100

17. EVALUATION PROCESS

- a. The 80:20 preference point system in terms of the Preferential Procurement Policy Framework Act (No. 5 of 2000) shall apply. The lowest acceptable bid will score 80 points for price and the remaining 20 points for BBBEE status depending on level of contribution.

Prospective bidders will have to score at least 70 out of 100 points allocated for functionality before the bidder's proposal will be considered for pricing.

18. BID REQUIREMENTS

The following is required of bidders and should be submitted to Phokwane Local Municipality as part of the bid submission.

- a. Company profile.
- b. All Bidders must be registered on the National Treasury Central Supplier Database (CSD) and must attach a copy of the most recent report to the tender document.
- c. The tax status on CSD must be compliant, as Phokwane Local Municipality is unable to award a contract to a bidder whose tax affairs are not in order as determined by SARS. Bidders whose tax matters have expired or compliance status is invalid will be disqualified. **Note that it is no longer a requirement for bidders to submit hard copies of tax clearance certificates as compliance for tax matters can be assessed and verified on the CSD report.**

- d. **Original and valid and/or certified** copy of BBBEE status level certificate or Affidavit (as applicable). Failure to submit a valid BBBEE certificate will result in zero preference points being awarded for BBBEE. BBBEE certificates or sworn affidavits must be valid at the time of the closing of the tender.
- e. Original Bidder Resolution or Letter of authority or Letter of appointment authorizing the signatory of the Entity to sign the contract with Phokwane Local Municipality.
- f. Valid contact details including e-mail address.
- g. At least two most recent reference letters from different companies where similar work or GRAP related work has been carried out must be provided.
- h. Companies registered for VAT should include VAT on their costing.
- i. Recent Municipal account of the company not more than 3 months old. If the company is leasing the premises, the water and electricity account that is payable to the municipality or managing agent needs to be submitted. (If the company does not pay water and electricity account the contractual agreement between the company and the lesser to be submitted). For companies operating from one of the Directors/Shareholders residence, please ensure that you attach an affidavit explaining that as well as the Director/Shareholders certified copy of the municipal account.

19. FUNCTIONALITY EVALUATION

- a. All bids duly lodged will be evaluated by a bid evaluation committee first on functionality then price. The evaluation criteria are shown below.
- b. A bidder that scores less than 70 out of 80 in respect of the criteria mentioned below will be regarded as non-responsive and will be disqualified. All bidder(s) who score 70 and above out of 80 in respect of the criteria mentioned below, will be shortlisted for presentation.
- c. For purposes of comparison and in order to ensure meaningful evaluation, bidders are requested to furnish detailed information in substantiation of compliance to each of the evaluation criteria mentioned below.

TECHNICAL EVALUATION CRITERIA		WEIGHTING ALLOCATED
BIDDER(S) QUALIFICATIONS AND EXPERIENCE		
The Director must have more than ten (10) years' experience post articles in the public sector internal audit. Submit CV's of project manager or Director indicating the following: <ol style="list-style-type: none"> i Personal information. ii Qualification(s) (provide certified copies of qualifications (CIA or CA (SA)) and proof of registration with a relevant professional body); and work experience. 		
<ul style="list-style-type: none"> CV submitted demonstrating more than ten (10) years' experience in internal audit service and relevant qualifications 	Maximum of 10	10
<ul style="list-style-type: none"> CV submitted demonstrating ten (10) years in internal audit service and relevant qualifications 	Maximum of 5	

<ul style="list-style-type: none">CV submitted demonstrating less than ten (10) years 'in internal audit service and relevant qualifications	0	
The Internal audit manager must have more than five (5) years' experience in the public sector internal audit. Submit CV's of internal audit manager indicating the following: <ul style="list-style-type: none">i Personal information.ii Qualification(s) (provide certified copies of qualifications (must have CIA and CISA); andiii Work experience.		
<ul style="list-style-type: none">CV submitted demonstrating more than five (5) years or more experience in internal audit service and have CIA and CISA (if you have either of the qualifications, a maximum of 5 points will be allocated)	Maximum of 10	10
<ul style="list-style-type: none">CV submitted demonstrating five (5) years' in internal audit service and have CIA and CISA (if you either of the qualifications, a maximum of 2 points will be allocated)	Maximum of 5	
<ul style="list-style-type: none">CV submitted demonstrating less than five (5) years' and no relevant qualifications or only have the relevant qualifications.	0	
The two additional team members (Senior Internal Auditor & Internal Auditor) to be assigned to the project should have tertiary audit qualification (accounting or internal audit) and must have a more than three (3) years' experience in public sector internal audit or consulting. Years of experience should exclude internship/training learnership		
<ul style="list-style-type: none">CV submitted demonstrating more than 3years' and relevant qualifications	Maximum of 10	10
<ul style="list-style-type: none">CV submitted demonstrating 3 years' experience and relevant qualifications	Maximum of 5	
<ul style="list-style-type: none">CV submitted demonstrating less than 3 years' and relevant qualifications	0	
WRITTEN TRADE REFERENCES		
<ul style="list-style-type: none">The bidder must submit a minimum of two (2) written trade reference letters for public sector related experience, wherein internal audit services or GRAP Standards Related work or financial management related work has been or is being rendered. However, as a minimum, one of these reference letters must relate to Internal Audit for the public sector and not older than five (5) years. Where the company was sub-contracted by another entity, the details of the public sector client must be indicated in the reference letter;Experience of the service provider to undertake the scope of work involved with a brief description of past and present projects.	Maximum of 10	10
COMPETENCIES AND KNOWLEDGE		
<ul style="list-style-type: none">Knowledge of MFMA and GRAP;Knowledge of Internal Audit Standards;Knowledge of legislative requirements for the public sector;Other relevant policies/procedures/legislation.	Maximum of 10	10

BIDDER(S) INTERNAL AUDIT SERVICE SYSTEMS		
<ul style="list-style-type: none">The bidder to indicate the type of audit software, systems, and techniques to be used for work to be performed. Further, the software is relevant to Internal Audits	5	5
<ul style="list-style-type: none">No indication of the type of audit software, systems, and techniques to be used for work to be performed	0	
PROPOSED METHODOLOGY TO EXECUTE THE PROJECT		
Proposed methodology statement and approach to conduct this project, including:		
Detail on what activities will need to be carried out to achieve the responsibilities of Internal Audit		25
1. Project scheduled, linked to the time frames/activities and/or details of deliverables. (Maximum 5 Points)		
2. Risk assessment methodology/ies to be used to develop plans. Demonstrate in-depth understanding in risk-based audits, focus to also be put on value-add activities (Maximum 5 Points)		
3. Identifying possible challenges that may deter delivery and how these could be addressed. (Maximum 5 Points)		
4. Indicate the process to be followed should there be a request to conduct special assignments and investigations into any matter or activity affecting the probity, interest, and operating efficiency of Phokwane Local Municipality (adhoc assignments). (Maximum 5 Points)		
5. Skills transfer strategy (Maximum 5 Points)		
TOTAL POINTS FROM FUNCTIONALITY	80	80

Functionality Evaluation Phase 2: Presentation

Sub-Criteria	Presentation Areas	Weightings
Presentation	<ul style="list-style-type: none"> • Brief company profile. (00 Points) • Risk based audit plans & process to be followed when conducting adhoc assignments. (Maximum 6 Points) • Communication and reporting methodology (Maximum 3 points) • Audit software, systems and techniques to be used for work to be performed. (Maximum 2 Points) • Demonstrate how you will assist Phokwane Local Municipality in developing and implementing an effective combined assurance model. (Maximum 4 Points) • Skills transfer to Phokwane Local Municipality Internal Audit officials. (Maximum 5 Points) 	20 points
Total points from Functionality phase 2		20 points
TOTAL FUCNTIONALITY SCORE		100 POINTS

20. PRICE PROPOSAL

It is understood that internal audits are based on hourly rates and that budgets are compiled once the appointed auditor has assessed the likely extent of the work. Financial proposals will be compared based on total costs over three (3) years. Rates should be inclusive of overheads and VAT. If a particular category does not exist for the firm, it may be omitted. Please note that the costing should be in the format presented below.

a. INTERNAL AUDIT SERVICES

	Year 1				Year 2				Year 2				TOTAL
Team Members	Rate Hour VAT)	per (inc. VAT)	Projected Hours	Total	Rate Hour VAT)	per (inc. VAT)	Projected Hours	Total	Rate Hour VAT)	per (inc. VAT)	Projected Hours	Total	
Partner/Director													
Manager													
Senior Internal Auditor													
Internal Auditor													
Sub-total													
Disbursements													
- Travelling													
- Subsistence													
- Accommodation													
- Other (specify below)													
TOTAL													

b. ADHOC SERVICES (AS AND WHEN REQUIRED)

	Year 1				Year 2				Year 2				TOTAL
Team Members	Rate Hour	per (inc. VAT)	Projected Hours	Total	Rate Hour	per (inc. VAT)	Projected Hours	Total	Rate Hour	per (inc. VAT)	Projected Hours	Total	
Partner/Director			160				160				160		
Manager			240				240				240		
Senior Internal Auditor			320				320				320		
Internal Auditor			240				240				240		

Sub-total										
Disbursements										
- Travelling										
- Subsistence										
- Accommodation										
- Other (specify below)										
TOTAL										

C. TRAINING OF INTERNAL AUDIT OFFICIALS

	Year 1			Year 2			Year 2			TOTAL
Team Members	Rate per Hour (inc. VAT)	Projected Hours	Total	Rate per Hour (inc. VAT)	Projected Hours	Total	Rate per Hour (inc. VAT)	Projected Hours	Total	
Partner/Director		200			110			80		
Manager		200			110			80		
Sub-total										
Disbursements										
- Travelling										
- Subsistence										
- Accommodation										
- Other (specify below)										
TOTAL										

GRAND TOTAL										
--------------------	--	--	--	--	--	--	--	--	--	--

21. CONFIDENTIALITY

- a. No information or documentation may be used for any other purpose other than providing for a tender proposal to Phokwane Local Municipality, and no copies of any document may be made, except with prior written approval from Phokwane Local Municipality.
- b. The successful bidder and staff will be required to sign a non-disclosure agreement.

22. INTELLECTUAL PROPERTY AND OWNERSHIP

- a. Ownership and copyright of all documentation developed during the period of the contract will be vested in Phokwane Local Municipality.
- b. All intellectual property rights relating to any work produced by the service provider in relation to the performance of this contract shall belong to Phokwane Local Municipality and may not be used for any other purpose by the service provider. The service provider shall give Phokwane Local Municipality all assistance in protecting such intellectual property rights. All material, in paper, electronic or any recorded format produced by the service provider in the performance of this contract shall remain the property of Phokwane Local Municipality and must be handed over to Phokwane Local Municipality on termination of the contract.
- c. All service providers undertake not to infringe the intellectual property of third parties. Should any action or claim be instituted against Phokwane Local Municipality emanating from an infringement of intellectual property or an alleged infringement of intellectual property, the service providers hereby indemnify Phokwane Local Municipality against such claims or actions as well as all costs (including legal costs on an attorney and client scale).

23. LEGISLATIVE AND REGULATORY FRAMEWORK

- a. This bid and all contracts emanating from this bid will be subject to the General Conditions of Contract issued in 2010 in accordance with of the Municipal Finance Management Act.
- b. The Special Conditions of Contract are supplementary to that of the General Conditions of Contract of 2010. Where, however, the Special Conditions of Contract are in conflict with the General Conditions of Contract, the Special Conditions of Contract takes precedence.

24. CONTRACTUAL ARRANGEMENT

- a. The service provider is required to enter into a Service Level Agreement (SLA) with Phokwane Local Municipality to perform all functions as set out in the project specification or Terms of Reference and National Treasury General Conditions of Contract of 2010.

25. FINANCIAL IMPLICATIONS

- a. No service will be provided to Phokwane Local Municipality before an official order has been issued to the supplier or service provider.
- b. The service provider should be aware that Phokwane Local Municipality only pays after the services have been rendered.
- c. Payments will be done within 30 days of receipt of an invoice with all required supporting documents as per the Service Level Agreement.
- d. Payments will be made by Phokwane Local Municipality after the service provider has submitted an invoice supported by all requisite documents.

26. CLIENT BASE

- a. Phokwane Local Municipality reserves the right to contact references during the evaluation and the adjudication process to obtain information.

27. COMMUNICATION

- a. Phokwane Local Municipality may communicate with bidders where bid clarity is sought to obtain

information or to extend the validity period.

28. SUPPLIER DUE DILIGENCE

- a. Phokwane Local Municipality reserves the right to conduct supplier due diligence prior to final award or at any time during the contract period. **Bidders must note that, Phokwane Local Municipality will conduct verification on the information submitted and any misrepresentation will result in an automatic disqualification.**

29. CONFLICT OF INTEREST

- a. The bidder or bidders group must submit a document (this must be included in the covering letter), stating whether any of its employees have any interest in Phokwane Local Municipality or whether any of Phokwane Local Municipality's personnel have any interest in the bidders or affiliated business.

30. PACKAGING OF BID

- a. Bidders to arrange the Standard Bidding Documents (SBDs) in their submission in a numerical order.
- b. Bidders to submit price proposal and administrative compliance and functionality documents separately as follows:
 - **ENVELOPE ONE:** Administrative compliance and Functionality proposal.
 - **ENVELOPE TWO:** Price proposal.

31. SUBMISSION OF BIDS DOCUMENTS

- a. Bidders are advised to ensure that bids are submitted allowing sufficient time for any unforeseen events that may delay the delivery of the bid and time to access Phokwane Local Municipality premises.
- b. All bidders are required to complete a bid register when submitting bid documents. The Bid register is available at the below-mentioned address. **Compliance with Covid-19 to be observed.**
- c. Bidders should deposit their documents into the tender box available at Phokwane Local Municipality by 24 January 2022 **at 12:00** at the address below:

**24 Hertzog Street
Hartswater**

32. COST OF BIDDING

- a. The bidder shall bear all costs associated with the preparation and submission of its bid and Phokwane Local Municipality will not be held responsible for these costs regardless of the conduct or outcome of the tender process. The bidder will not be entitled to claim for travel and subsistence expenses. If such expenses are applicable, these charges must be included in the bid price.

33. PRICE OR FEES NEGOTIATION

- a. Phokwane Local Municipality may negotiate the price or fees with the preferred bidder during a competitive bidding process.

34. LATE BIDS

- a. Bids are received at the address indicated above. Bids received after the closing date and time will not be accepted for consideration and will be returned unopened to the bidder. Bids documents should be submitted before XXX on the closing date of the tender.

35. BID AND TECHNICAL ENQUIRIES / CLARIFICATION OF TENDER DOCUMENTS

- a. Phokwane Local Municipality will respond per email to any request for clarification of the tender documents which it receives **no later than 18 January 2022 prior to the deadline for submission of bids prescribed by** Phokwane Local Municipality. All enquiries related to the technical content of the Terms of Reference as well as the bid enquires may be directed **in writing** to the officials listed below:

For Bid Enquiries

Mr BD Segalo

053 474 9700

segalo@phokwane.gov.za

For Technical Enquiries:

Ms B Mgaguli

053 474 9700 (Office hours)

bmgaguli@gmail.com

MBD 1

PART A

INVITATION TO BID

YOU ARE HEREBY INVITED TO BID FOR REQUIREMENTS OF THE PHOKWANE LOCAL MUNICIPALITY.					
BID NUMBER:	IA12/2122	CLOSING DATE:	24 JANUARY 2022	CLOSING TIME:	12H00
DESCRIPTION	INTERNAL AUDIT AND AD HOC SERVICES TO PLM FOR A PERIOD OF THREE (3) YEARS				
THE SUCCESSFUL BIDDER WILL BE REQUIRED TO FILL IN AND SIGN A WRITTEN CONTRACT FORM (MBD7.1)					
BID RESPONSE DOCUMENTS MAY BE DEPOSITED IN THE BID BOX SITUATED AT					
PHOKWANE LOCAL MUNICIPALITY					
RECEPTION AREA					
24 HERTZOG STREET					
HARTSWATER					
8570					
SUPPLIER INFORMATION					
NAME OF BIDDER					
POSTAL ADDRESS					
STREET ADDRESS					
TELEPHONE NUMBER	CODE		NUMBER		
CELLPHONE NUMBER					
FACSIMILE NUMBER	CODE		NUMBER		
E-MAIL ADDRESS					
VAT REGISTRATION NUMBER					
TAX COMPLIANCE STATUS	TCS PIN:		AND	CSD No:	
B-BBEE STATUS LEVEL VERIFICATION CERTIFICATE [TICK APPLICABLE BOX]	<input type="checkbox"/> Yes <input type="checkbox"/> No		B-BBEE STATUS LEVEL SWORN AFFIDAVIT <input type="checkbox"/> Yes <input type="checkbox"/> No		
[A B-BBEE STATUS LEVEL VERIFICATION CERTIFICATE/ SWORN AFFIDAVIT (FOR EMES & QSEs) MUST BE SUBMITTED IN ORDER TO QUALIFY FOR PREFERENCE POINTS FOR B-BBEE]					

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 PART B:3]
TOTAL NUMBER OF ITEMS OFFERED		TOTAL BID PRICE	R
SIGNATURE OF BIDDER	DATE	
CAPACITY UNDER WHICH THIS BID IS SIGNED			

BIDDING PROCEDURE ENQUIRIES MAY BE DIRECTED TO:		TECHNICAL INFORMATION MAY BE DIRECTED TO:	
DEPARTMENT	FINANCIAL SERVICES		
CONTACT PERSON	Tsholofelo Modisa	CONTACT PERSON	B Mgaguli
TELEPHONE NUMBER	053 474 9700	TELEPHONE NUMBER	053 474 9700
E-MAIL ADDRESS	modisa@phokwane.gov.za	E-MAIL ADDRESS	bmgaguli@gmail.com

PART B**TERMS AND CONDITIONS FOR BIDDING**

1. BID SUBMISSION:	
1.1. BIDS MUST BE DELIVERED BY THE STIPULATED TIME TO THE CORRECT ADDRESS. LATE BIDS WILL NOT BE ACCEPTED FOR CONSIDERATION.	
1.2. ALL BIDS MUST BE SUBMITTED ON THE OFFICIAL FORMS PROVIDED–(NOT TO BE RE-TYPED) OR ONLINE	
1.3. THIS BID IS SUBJECT TO THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT AND THE PREFERENTIAL PROCUREMENT REGULATIONS, 2017, THE GENERAL CONDITIONS OF CONTRACT (GCC) AND, IF APPLICABLE, ANY OTHER SPECIAL CONDITIONS OF CONTRACT.	
2. TAX COMPLIANCE REQUIREMENTS	
2.1 BIDDERS MUST ENSURE COMPLIANCE WITH THEIR TAX OBLIGATIONS.	
2.2 BIDDERS ARE REQUIRED TO SUBMIT THEIR UNIQUE PERSONAL IDENTIFICATION NUMBER (PIN) ISSUED BY SARS TO ENABLE THE ORGAN OF STATE TO VIEW THE TAXPAYER'S PROFILE AND TAX STATUS.	
2.3 APPLICATION FOR THE TAX COMPLIANCE STATUS (TCS) CERTIFICATE OR PIN MAY ALSO BE MADE VIA E-FILING. IN ORDER TO USE THIS PROVISION, TAXPAYERS WILL NEED TO REGISTER WITH SARS AS E-FILERS THROUGH THE WEBSITE WWW.SARS.GOV.ZA.	
2.4 FOREIGN SUPPLIERS MUST COMPLETE THE PRE-AWARD QUESTIONNAIRE IN PART B:3.	
2.5 BIDDERS MAY ALSO SUBMIT A PRINTED TCS CERTIFICATE TOGETHER WITH THE BID.	
2.6 IN BIDS WHERE CONSORTIA / JOINT VENTURES / SUB-CONTRACTORS ARE INVOLVED, EACH PARTY MUST SUBMIT A SEPARATE TCS CERTIFICATE / PIN / CSD NUMBER.	
2.7 WHERE NO TCS IS AVAILABLE BUT THE BIDDER IS REGISTERED ON THE CENTRAL SUPPLIER DATABASE (CSD), A CSD NUMBER MUST BE PROVIDED.	
3. QUESTIONNAIRE TO BIDDING FOREIGN SUPPLIERS	
3.1. IS THE ENTITY A RESIDENT OF THE REPUBLIC OF SOUTH AFRICA (RSA)?	<input type="checkbox"/>
YES <input type="checkbox"/> NO	
3.2. DOES THE ENTITY HAVE A BRANCH IN THE RSA?	<input type="checkbox"/> YES
<input type="checkbox"/> NO	
3.3. DOES THE ENTITY HAVE A PERMANENT ESTABLISHMENT IN THE RSA?	
<input type="checkbox"/> YES <input type="checkbox"/> NO	
3.4. DOES THE ENTITY HAVE ANY SOURCE OF INCOME IN THE RSA?	
<input type="checkbox"/> YES <input type="checkbox"/> NO	
3.5. 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 ABOVE.	

NB: FAILURE TO PROVIDE ANY OF THE ABOVE PARTICULARS MAY RENDER THE BID INVALID. NO BIDS WILL BE CONSIDERED FROM PERSONS IN THE SERVICE OF THE STATE.

SIGNATURE OF BIDDER:

CAPACITY UNDER WHICH THIS BID IS SIGNED:

DATE:

PRICING SCHEDULE – FIRM PRICES (PURCHASES)

NOTE: ONLY FIRM PRICES WILL BE ACCEPTED. NON-FIRM PRICES (INCLUDING PRICES SUBJECT TO RATES OF EXCHANGE VARIATIONS) WILL NOT BE CONSIDERED

IN CASES WHERE DIFFERENT DELIVERY POINTS INFLUENCE THE PRICING, A SEPARATE PRICING SCHEDULE MUST BE SUBMITTED FOR EACH DELIVERY POINT

NAME OF BIDDER		BID NUMBER	IA12/2122
CLOSING TIME	12H00	CLOSING DATE	24 JANUARY 2022

OFFER TO BE VALID FOR DAYS FROM THE CLOSING DATE OF BID.

Item no.	Quantity	Description	Bid price in RSA Currency ** (ALL APPLICABLE TAXES INCLUDED)	
			Unit tariff	Total Cost

- Required by:
- At:
- Brand and Model
- Country of Origin
- Does the offer comply with the specification(s)?*YES/NO
- If not to specification, indicate deviation(s)
- Period required for delivery
- *Delivery:
Firm/Not firm
- Delivery basis

Note: All delivery costs must be included in the bid price, for delivery at the prescribed destination.

** "all applicable taxes" includes value- added tax, pay as you earn, income tax, unemployment insurance fund contributions and skills development levies.

*Delete if not applicable

DECLARATION OF INTEREST

1. No bid will be accepted from persons in the service of the state.
2. Any person, having a kinship with persons in the service of the state, including a blood relationship, may make an offer or offers in terms of this invitation to bid. In view of possible allegations of favouritism, should the resulting bid, or part thereof, be awarded to persons connected with or related to persons in the service of the state, it is required that the bidder or their authorised representative declare their position in relation to the evaluating/adjudicating authority.
3. **In order to give effect to the above, the following questionnaire must be completed and submitted with the bid.**

3.1 Full Name of bidder or his / her representative:

.....

3.2 Identity Number:

3.3 Position occupied in the Company (director, trustee, shareholder?):

.....

3.4 Company Registration Number:

3.5 Tax Reference Number:

3.6 VAT Registration Number:

3.7 The names of all directors / trustees / shareholders / members, their individual identity numbers and state employee numbers (where applicable) must be indicated in paragraph 4 below.

3.8 Are you presently in the service of the state?

YES /
NO

3.8.1 If yes, furnish particulars:

.....
.....
.....

¹ MSCM Regulations: "in the service of the state" means to be –

(a) a member of –

- (i) any municipal council;
- (ii) any provincial legislature; or
- (iii) the National Assembly or the National Council of Provinces;

(b) a member of the board of directors of any municipal entity;

(c) an official or any Municipality or municipal entity;

(d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No. 1 of 1999);

(e) a member of the accounting authority of any national or provincial entity; or

(f) an employee of Parliament or a provincial legislature.

² "Shareholder" means a person who owns shares in the company and is actively involved in the management of the company or business and exercise control over the company.

- 3.9 Have you been in the service of the state for the past twelve months? YES / NO
- If yes, furnish particulars:
3.9.1
- 3.10 Do you have any relationship (family, friend, other) with persons in the service of the state and who may be involved with the evaluation and or adjudication of this bid? YES / NO
- 3.10.1 If yes, furnish particulars:
1
- 3.11 Are you, aware of any relationship (family, friend, other) between any other bidder and any persons in the service of the state who may be involved with the evaluation and or adjudication of this bid? YES / NO
- 3.11.1 If yes, furnish particulars:
1
- 3.12 Are any of the company's directors, trustees, managers, principle shareholders or stakeholders in the service of the state? YES / NO
- 3.12.1 If yes, furnish particulars:
1
- 3.13 Are any spouse, child or parent of the company's directors, trustees, managers, principle shareholders or stakeholders in the service of the state? YES / NO
- 3.13.1 If yes, furnish particulars:
1
- 3.14 Do you or any of the directors, trustees, managers, principle shareholders, or stakeholders of this company have any interest in any other related companies or business whether or not they are bidding for this contract? YES / NO
- 3.14.1 If yes, furnish particulars:
1

4. Full details of directors / trustees / members / shareholders

Full Name	Identity Number	State Employee Number

.....
Signature

.....
Date

.....
Capacity

.....
Name of the bidder

PREFERENCE POINT CLAIM FORM

PREFERENCE POINTS CLAIM FORM IN TERMS OF THE PREFERENTIAL PROCUREMENT REGULATIONS 2017

This preference form must form part of all bids invited. It contains general information and serves as a claim form for preference points for Broad-Based Black Economic Empowerment (B-BBEE) Status Level of Contribution

NB: BEFORE COMPLETING THIS FORM, BIDDERS MUST STUDY THE GENERAL CONDITIONS, DEFINITIONS AND DIRECTIVES APPLICABLE IN RESPECT OF B-BBEE, AS PRESCRIBED IN THE PREFERENTIAL PROCUREMENT REGULATIONS, 2017.

1. GENERAL CONDITIONS

- 1.1 The following preference point systems are applicable to all bids:
- 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)
- 1.2 a) The value of this bid is estimated **not to exceed** R50 000 000 (all applicable taxes included) and therefore the **80/20** preference point system shall be applicable; or
- 1.3 Points for this bid shall be awarded for:
- (a) Price; and
 - (b) B-BBEE Status Level of Contributor.
- 1.4 The maximum points for this bid are allocated as follows:

	POINTS
PRICE	80
B-BBEE STATUS LEVEL OF CONTRIBUTOR	20
Total points for Price and B-BBEE must not exceed	100

- 1.5 Failure on the part of a bidder to submit proof of B-BBEE Status level of contributor together with the bid, will be interpreted to mean that preference points for B-BBEE status level of contribution are not claimed.
- 1.6 The purchaser reserves the right to require of a bidder, either before a bid is adjudicated or at any time subsequently, to substantiate any claim in regard to preferences, in any manner required by the purchaser.

2. DEFINITIONS

- (a) **“B-BBEE”** means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act;
- (b) **“B-BBEE status level of contributor”** means the B-BBEE status of an entity in terms of a code of good practice on black economic empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;
- (c) **“bid”** means a written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of goods or services, through price quotations, advertised competitive bidding processes or proposals;
- (d) **“Broad-Based Black Economic Empowerment Act”** means the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
- (e) **“EME”** means an Exempted Micro Enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9 (1) of the Broad-Based Black Economic Empowerment Act;
- (f) **“functionality”** means the ability of a tenderer to provide goods or services in accordance with specifications as set out in the tender documents.
- (g) **“prices”** includes all applicable taxes less all unconditional discounts;
- (h) **“proof of B-BBEE status level of contributor”**

means:

- 1) B-BBEE Status level certificate issued by an authorized body or person;
 - 2) A sworn affidavit as prescribed by the B-BBEE Codes of Good Practice;
 - 3) Any other requirement prescribed in terms of the B-BBEE Act;
- (i) “QSE” means a qualifying small business enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9 (1) of the Broad-Based Black Economic Empowerment Act;
- (j) “rand value” means the total estimated value of a contract in Rand, calculated at the time of bid invitation, and includes all applicable taxes;

3. POINTS AWARDED FOR PRICE

3.1 THE 80/20 OR 90/10 PREFERENCE POINT SYSTEMS

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

$$\begin{array}{ccc}
 \text{80/20} & \text{or} & \text{90/10} \\
 \text{Ps} = 80 & 1 - \frac{\text{Pt} - \text{P min}}{\text{P min}} & \text{or} & \text{Ps} = 90 & 1 - \frac{\text{Pt} - \text{P min}}{\text{P min}}
 \end{array}$$

Where

Ps = Points scored for price of bid under consideration

Pt = Price of bid under consideration

Pmin = Price of lowest acceptable bid

4. POINTS AWARDED FOR B-BBEE STATUS LEVEL OF CONTRIBUTOR

- 4.1 In terms of Regulation 6 (2) and 7 (2) of the Preferential Procurement Regulations, preference points must be awarded to a bidder for attaining the B-BBEE status level of contribution in accordance with the table below:

B-BBEE Status Level of Contributor	Number of points (90/10 system)	Number of points (80/20 system)
1	10	20
2	9	18
3	6	14
4	5	12
5	4	8
6	3	6
7	2	4
8	1	2
Non-compliant contributor	0	0

5. BID DECLARATION

- 5.1 Bidders who claim points in respect of B-BBEE Status Level of Contribution must complete the following:

6. B-BBEE STATUS LEVEL OF CONTRIBUTOR CLAIMED IN TERMS OF PARAGRAPHS 1.4 AND 4.1

- 6.1 B-BBEE Status Level of Contributor: . = (maximum of 10 or 20 points)

(Points claimed in respect of paragraph 7.1 must be in accordance with the table reflected in paragraph 4.1 and must be substantiated by relevant proof of B-BBEE status level of contributor.

7. SUB-CONTRACTING

- 7.1 Will any portion of the contract be sub-contracted? (**Tick applicable box**)

YES NO

7.1.1 If yes, indicate:

- i. What percentage of the contract will be subcontracted
- ii. The name of the sub-contractor
- iii. The B-BBEE status level of the sub-contractor
- iv. Whether the sub-contractor is an EME or QSE
(***Tick applicable box***)

YES NO

- v. Specify, by ticking the appropriate box, if subcontracting with an enterprise in terms of Preferential Procurement Regulation, 2017:

Designated Group: An EME or QSE which is at least 51% owned by:

EME

QSE

✓

✓

Black people
Black people who are youth
Black people who are women
Black people with disabilities
Black people living in rural or underdeveloped areas or townships
Cooperative owned by black people
Black people who are military veterans

OR

Any EME
Any QSE

8. DECLARATION WITH REGARD TO COMPANY/FIRM

8.1 Name of company/firm:

8.2 VAT registration number:

8.3 Company registration number:

8.4 TYPE OF COMPANY/ FIRM

- ☐ Partnership/Joint Venture / Consortium
 - ☐ One person business/sole propriety
 - ☐ Close corporation
 - ☐ Company
 - ☐ (Pty) Limited
- [TICK APPLICABLE BOX]

8.5 DESCRIBE PRINCIPAL BUSINESS ACTIVITIES

.....

.....

.....

.....

.....

8.6 COMPANY CLASSIFICATION

- ☐ Manufacturer
- ☐ Supplier
- ☐ Professional service provider
- ☐ Other service providers, e.g. transporter, etc. [***TICK APPLICABLE BOX***]

8.7 MUNICIPAL INFORMATION**Municipality where business is situated:****Registered Account Number:****Stand Number:**

8.8 Total number of years the company/firm has been in business:

8.9 I/we, the undersigned, who is / are duly authorised to do so on behalf of the company/firm, certify that the points claimed, based on the B-BBE status level of contributor indicated in paragraphs 1.4 and 6.1 of the foregoing certificate, qualifies the company/ firm for the preference(s) shown and I / we 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 6.1, the contractor may be required to furnish documentary proof to the satisfaction of the purchaser that the claims are correct
- iv) If the B-BBEE status level of contributor has been claimed or obtained on a fraudulent basis or any of the conditions of contract have not been fulfilled, the purchaser may, in addition to any other remedy it may have –
 - (a) disqualify the person from the bidding 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 bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, be restricted by the National Treasury 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.

WITNESSES 1. 2. SIGNATURE(S) OF BIDDER(S) DATE: ADDRESS:
--	--

DECLARATION CERTIFICATE FOR LOCAL PRODUCTION AND CONTENT FOR DESIGNATED SECTORS

This Municipal Bidding Document (MBD) must form part of all bids invited. It contains general information and serves as a declaration form for local content (local production and local content are used interchangeably).

Before completing this declaration, bidders must study the General Conditions, Definitions, Directives applicable in respect of Local Content as prescribed in the Preferential Procurement Regulations, 2017, the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:2011 (Edition 1) and the Guidance on the Calculation of Local Content together with the Local Content Declaration Templates [Annex C (Local Content Declaration: Summary Schedule), D (Imported Content Declaration: Supporting Schedule to Annex C) and E (Local Content Declaration: Supporting Schedule to Annex C)].

1. General Conditions

- 1.1. Preferential Procurement Regulations, 2017 (Regulation 8) make provision for the promotion of local production and content.
- 1.2. Regulation 8.(2) prescribes that in the case of designated sectors, organs of state must advertise such tenders with the specific bidding condition that only locally produced or manufactured goods, with a stipulated minimum threshold for local production and content will be considered.
- 1.3. Where necessary, for tenders referred to in paragraph 1.2 above, a two stage bidding process may be followed, where the first stage involves a minimum threshold for local production and content and the second stage price and B-BBEE.
- 1.4. A person awarded a contract in relation to a designated sector, may not sub-contract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.
- 1.5. The local content (LC) expressed as a percentage of the bid price must be calculated in accordance with the SABS approved technical specification number SATS 1286: 2011 as follows:

$$LC = [1 - x / y] * 100$$

Where

x is the imported content in Rand
y is the bid price in Rand excluding value added tax (VAT)

Prices referred to in the determination of x must be converted to Rand (ZAR) by using the exchange rate published by South African Reserve Bank (SARB) at 12:00 on the date of advertisement of the bid as indicated in paragraph 4.1 below.

The SABS approved technical specification number SATS 1286:2011 is accessible on [http://www.thedti.gov.za/industrial development/ip.jsp](http://www.thedti.gov.za/industrial%20development/ip.jsp) at no cost.

- 1.6. A bid may be disqualified if this Declaration Certificate and the Annex C (Local Content Declaration: Summary Schedule) are not submitted as part of the bid documentation.

2. The stipulated minimum threshold(s) for local production and content (refer to Annex A of SATS 1286:2011) for this bid is/are as follows:

Description of services, works or goods	Stipulated minimum threshold
_____	_____ %
_____	_____ %
_____	_____ %

3. Does any portion of the services, works or goods offered have any imported content?
applicable box)

(Tick

YES	NO	
-----	----	--

- 3.1 If yes, the rate(s) of exchange to be used in this bid to calculate the local content as prescribed in paragraph 1.5 of

the general conditions must be the rate(s) published by the SARB for the specific currency at 12:00 on the date of advertisement of the bid.

The relevant rates of exchange information is accessible on www.reservebank.co.za

Indicate the rate(s) of exchange against the appropriate currency in the table below (refer to Annex A of SATS 1286:2011):

Currency	Rates of exchange
US Dollar	
Pound Sterling	
Euro	
Yen	
Other	

NB: Bidders must submit proof of the SARB rate (s) of exchange used.

4. Where, after the award of a bid, challenges are experienced in meeting the stipulated minimum threshold for local content the dti must be informed accordingly in order for the dti to verify and in consultation with the Accounting Officer / Accounting Authority provide directives in this regard.

LOCAL CONTENT DECLARATION
(REFER TO ANNEX B OF SATS 1286:2011)

LOCAL CONTENT DECLARATION BY CHIEF FINANCIAL OFFICER OR OTHER LEGALLY RESPONSIBLE PERSON NOMINATED IN WRITING BY THE CHIEF EXECUTIVE OR SENIOR MEMBER/PERSON WITH MANAGEMENT RESPONSIBILITY (CLOSE CORPORATION, PARTNERSHIP OR INDIVIDUAL)

IN RESPECT OF BID NO.

ISSUED BY: PHOKWANE LOCAL MUNICIPALITY

NB

- 1 The obligation to complete, duly sign and submit this declaration cannot be transferred to an external authorized representative, auditor or any other third party acting on behalf of the bidder.
- 2 Guidance on the Calculation of Local Content together with Local Content Declaration Templates (Annex C, D and E) is accessible on http://www.thedti.gov.za/industrial_development/ip.jsp. Bidders should first complete Declaration D. After completing Declaration D, bidders should complete Declaration E and then consolidate the information on Declaration C. **Declaration C should be submitted with the bid documentation at the closing date and time of the bid in order to substantiate the declaration made in paragraph (c) below.** Declarations D and E should be kept by the bidders for verification purposes for a period of at least 5 years. The successful bidder is required to continuously update Declarations C, D and E with the actual values for the duration of the contract.

I, the undersigned, (full names), do hereby declare, in my capacity as of (name of bidder entity), the following:

- (a) The facts contained herein are within my own personal knowledge.
- (b) I have satisfied myself that
 - (i) the goods/services/works to be delivered in terms of the above-specified bid comply with the minimum local content requirements as specified in the bid, and as measured in terms of SATS 1286:2011;
- (c) The local content percentages (%) indicated below has been calculated using the formula given in clause 3 of SATS 1286:2011, the rates of exchange indicated in paragraph 4.1 above and the information contained in Declaration D and E which has been consolidated in Declaration C;

Bid price, excluding VAT (y)	R
Imported content (x), as calculated in terms of SATS 1286:2011	R

Stipulated minimum threshold for local content (paragraph 3 above)	
Local content %, as calculated in terms of SATS 1286:2011	

If the bid is for more than one product, the local content percentages for each product contained in Declaration C shall be used instead of the table above. The local content percentages for each product has been calculated using the formula given in clause 3 of SATS 1286:2011, the rates of exchange indicated in paragraph 4.1 above and the information contained in Declaration D and E.

- (d) I accept that the Procurement Authority / Institution has the right to request that the local content be verified in terms of the requirements of SATS 1286:2011.
- (e) I understand that the awarding of the bid is dependent on the accuracy of the information furnished in this application. I also understand that the submission of incorrect data, or data that are not verifiable as described in SATS 1286:2011, may result in the Procurement Authority / Institution imposing any or all of the remedies as provided for in Regulation 14 of the Preferential Procurement Regulations, 2017 promulgated under the Preferential Policy Framework Act (PPPFA), 2000 (Act No. 5 of 2000).

SIGNATURE: _____

DATE: _____

WITNESS No. 1 _____

DATE: _____

WITNESS No. 2 _____

DATE: _____

DECLARATION OF BIDDER'S PAST SUPPLY CHAIN MANAGEMENT PRACTICES

- 1 This Municipal Bidding Document must form part of all bids invited.
- 2 It serves as a declaration to be used by municipalities and municipal entities in ensuring that when goods and services are being procured, all reasonable steps are taken to combat the abuse of the supply chain management system.
- 3 The bid of any bidder may be rejected if that bidder, or any of its directors have:
 - a. abused the municipality's / municipal entity's supply chain management system or committed any improper conduct in relation to such system;
 - b. been convicted for fraud or corruption during the past five years;
 - c. willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - d. been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
- 4 In order to give effect to the above, the following questionnaire must be completed and submitted with the bid.

Item	Question	Yes	No
4.1	<p>Is the bidder or any of its directors listed on the National Treasury's Database of Restricted Suppliers as companies or persons prohibited from doing business with the public sector?</p> <p>(Companies or persons who are listed on this Database were informed in writing of this restriction by the Accounting Officer/Authority of the institution that imposed the restriction after the <i>audi alteram partem</i> rule was applied).</p> <p>The Database of Restricted Suppliers now resides on the National Treasury's website(www.treasury.gov.za) and can be accessed by clicking on its link at the bottom of the home page.</p>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.1.1	If so, furnish particulars:		
4.2	<p>Is the bidder or any of its directors listed on the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004)?</p> <p>The Register for Tender Defaulters can be accessed on the National Treasury's website (www.treasury.gov.za) by clicking on its link at the bottom of the home page.</p>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.2.1	If so, furnish particulars:		
4.3	<p>Was the bidder or any of its directors convicted by a court of law (including a court of law outside the Republic of South Africa) for fraud or corruption during the past five years?</p>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.3.1	If so, furnish particulars:		
4.4	<p>Does the bidder or any of its directors owe any municipal rates and taxes or municipal charges to the municipality / municipal entity, or to any other municipality / municipal entity, that is in arrears for more than three months?</p>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.4.1	If so, furnish particulars:		
4.5	<p>Was any contract between the bidder and the municipality / municipal entity or any other organ of state terminated during the past five years on account of failure to perform on or comply with the contract?</p>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.5.1	If so, furnish particulars:		

CERTIFICATION

I, THE UNDERSIGNED (FULL NAME)
CERTIFY THAT THE INFORMATION FURNISHED ON THIS DECLARATION FORM TRUE AND CORRECT.

I ACCEPT THAT, IN ADDITION TO CANCELLATION OF A CONTRACT, ACTION MAY BE TAKEN AGAINST ME
SHOULD THIS DECLARATION PROVE TO BE FALSE.

.....
Signature

.....
Date

.....
Position

.....
Name of Bidder

CERTIFICATE OF INDEPENDENT BID DETERMINATION

- 1 This Municipal Bidding Document (MBD) must form part of all bids¹ invited.
- 2 Section 4 (1) (b) (iii) of the Competition Act No. 89 of 1998, as amended, prohibits an agreement between, or concerted practice by, firms, or a decision by an association of firms, if it is between parties in a horizontal relationship and if it involves collusive bidding (or bid rigging). ² Collusive bidding is a *pe se* prohibition meaning that it cannot be justified under any grounds.
- 3 Municipal Supply Regulation 38 (1) prescribes that a supply chain management policy must provide measures for the combating of abuse of the supply chain management system, and must enable the accounting officer, among others, to:
 - a. takes all reasonable steps to prevent such abuse;
 - b. reject the bid of any bidder if that bidder or any of its directors has abused the supply chain management system of the municipality or municipal entity or has committed any improper conduct in relation to such system; and
 - c. cancel a contract awarded to a person if the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract.
- 4 This MBD serves as a certificate of declaration that would be used by institutions to ensure that, when bids are considered, reasonable steps are taken to prevent any form of bid-rigging.
- 5 In order to give effect to the above, the attached Certificate of Bid Determination (MBD 9) must be completed and submitted with the bid:

¹ Includes price quotations, advertised competitive bids, limited bids and proposals.

² Bid rigging (or collusive bidding) occurs when businesses, that would otherwise be expected to compete, secretly conspire to raise prices or lower the quality of goods and / or services for purchasers who wish to acquire goods and / or services through a bidding process. Bid rigging is, therefore, an agreement between competitors not to compete

CERTIFICATE OF INDEPENDENT BID DETERMINATION

I, the undersigned, in submitting the accompanying bid:

IA12/2122: INTERNAL AUDIT AND AD HOC SERVICES TO PLM FOR A PERIOD OF THREE (3) YEARS

(Bid Number and Description)

in response to the invitation for the bid made by:

PHOKWANE LOCAL MUNICIPALITY

do hereby make the following statements that I certify to be true and complete in every respect:

I certify, on behalf of: _____ that:

(Name of Bidder)

1. I have read and I understand the contents of this Certificate;
2. I understand that the accompanying bid will be disqualified if this Certificate is found not to be true and complete in every respect;
3. I am authorized by the bidder to sign this Certificate, and to submit the accompanying bid, on behalf of the bidder;
4. Each person whose signature appears on the accompanying bid has been authorized by the bidder to determine the terms of, and to sign, the bid, on behalf of the bidder;
5. For the purposes of this Certificate and the accompanying bid, I understand that the word "competitor" shall include any individual or organization, other than the bidder, whether or not affiliated with the bidder, who:
 - a) has been requested to submit a bid in response to this bid invitation;
 - b) could potentially submit a bid in response to this bid invitation, based on their qualifications, abilities or experience; and
 - c) provides the same goods and services as the bidder and/or is in the same line of business as the bidder
6. 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 consortium³ will not be construed as collusive bidding.
7. In particular, without limiting the generality of paragraphs 6 above, there has been no consultation, communication, agreement or arrangement with any competitor regarding:
 - a) prices;
 - b) geographical area where product or service will be rendered (market allocation)
 - c) methods, factors or formulas used to calculate prices;
 - d) the intention or decision to submit or not to submit, a bid;
 - e) the submission of a bid which does not meet the specifications and conditions of the bid; or
 - f) bidding with the intention not to win the bid.

8. In addition, there have been no consultations, communications, agreements or arrangements with any competitor regarding the quality, quantity, specifications and conditions or delivery particulars of the products or services to which this bid invitation relates.
9. 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.
10. 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 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.

³ 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.

.....
Signature

.....
Date

.....
Position

.....
Name of Bidder

PHOKWANE LOCAL MUNICIPALITY GENERAL CONDITIONS OF CONTRACT

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.

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

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

1. Definitions

General Conditions of Contract

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 hand-written 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 Tender Bulletin. The Government Tender Bulletin may be obtained directly from the Government Printer, Private Bag X85, Pretoria 0001, or accessed electronically from 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) an cashier's or certified cheques.
- 7.4 The performance security will be discharged by the purchaser and returned to the provider 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 provider 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 instruction 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 provider 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 fulfilment 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 contract 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 cancelling 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.

	<p>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:</p> <ul style="list-style-type: none"> 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. <p>These details will be loaded in the National Treasury's central database of suppliers or persons prohibited from doing business with the public sector.</p>
	<p>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 Tender 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.</p>
<p>24. Anti-Dumping and countervailing duties and rights</p>	<p>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.</p>
<p>25. Force Majeure</p>	<p>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.</p> <p>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.</p>
<p>26. Termination for insolvency</p>	<p>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.</p>
<p>27. Settlement of disputes</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>27.4 Mediation proceedings shall be conducted in accordance with the rules of procedure specified in the SCC</p>

	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 provider any monies due the supplier.
28. Limitation of liability	28.1	Except in cases of criminal negligence or wilful 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 b) the 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. Governing language	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 provider 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 Programme (NIPP)	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. Prohibition of restrictive practices	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 purchase 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.

.....
Signature

.....
Date

.....
Position

.....
Name of Bidder