



CENTRAL KAROO DISTRICT MUNICIPALITY

COST CONTAINMENT POLICY

2022/2023

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1. **PREAMBLE**

1.1 Each municipality must develop or revise and implement a cost containment policy which must -

- a) be adopted by the municipal council as part of its budget related policies;
- b) define a municipality's objectives for the use of consultants; and
- c) be consistent with the relevant legislation.

1.2 The cost containment policy of a municipality contemplated in 1.1 *supra* must -

- a) be in writing;
- b) give effect to the Local Government: Municipal Finance Management Act, 2003: Municipal Cost Containment Regulations, 2019 (Notice 317 of 2019);
- c) be reviewed annually, as may be appropriate;
- d) be communicated on the municipality's website; and
- e) set out –
 - i) monitoring measures for ensuring implementation of the policy;
 - ii) procedures for the annual review of the policy; and
 - iii) consequences for non -adherence to the measures contained therein.

1.3 This policy document seeks to implement National Treasury Instructions and MFMA Circulars applicable to Cost Containment, as set out in 1.1 and 1.2 *supra*.

1.4 The object of the Policy, in line with Sections 62(1)(a), 78(1)(b), 95(a) and 105(1)(b) of the Act, is to ensure that resources of the Municipality are used effectively, efficiently and economically by implementing the cost containment regulations.

1.5 The following measures must be implemented, consistently with immediate

effect to ensure the containment of costs, and will be updated if and when any revisions are done to the applicable legislation.

2. APPLICABLE LEGISLATION

- 2.1 Local Government: Municipal Systems Act, 32 of 2000;
- 2.2 Basic Conditions of Employment Act, 75 of 1997;
- 2.3 National Treasury Instruction, No. 04 of 2017/2018;
- 2.4 SAICA Guidelines for Fees;
- 2.5 Tariffs as determined by the Department of Transport /AA SA Rates;
- 2.6 Remuneration of Public Office Bearers Act, 20 of 1998: Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils;
- 2.7 Overtime Policy;
- 2.8 SALGBC Collective Agreements; and
- 2.9 Local Government: Municipal Finance Management Act, 2003: Municipal Cost Containment Regulations, 2019 (Notice 317 of 2019)

3. DEFINITIONS

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

- | | | |
|-------|---------------------------|---|
| 3.1.1 | “Act” | Means the Local Government: Municipal Finance Management Act, 56 of 2003; |
| 3.1.2 | “Consultant” | means a professional person, individual, partnership, corporation, or a company appointed to provide technical and specialist advice or to assist with a design and implementation of projects or to assist a municipality to perform its functions to achieve the objects of local government in terms of section 152 of the Constitution; |
| 3.1.3 | “Cost Containment” | means measures implemented to curtail |

spending in terms of this policy; and

- 3.1.4 **“Credit Card”** means a card issued by a financial provider, which creates a revolving account and grants a line of credit to the cardholder.

4. APPLICATION OF POLICY

- 4.1 This policy shall apply to all officials and political office bearers in municipalities.

5. USE OF CONSULTANTS

5.1 Measures:

- 5.1.1 A municipality may only appoint consultants if an assessment of the needs and requirements confirms that the affected municipality does not have the requisite skills or resources in its full -time employ to perform the function, for appointments exceeding R 500 000.
- 5.1.2 The reasons for the use of the consultants must be motivated by the Senior Manager concerned and endorsed by the Accounting Officer, in writing.
- 5.1.3 The remuneration framework of the Municipality will be-
- a) determined in the "Guideline on fees for audits undertaken on behalf of the Auditor - General of South Africa ", issued by the South African Institute of Chartered Accountants;
 - b) set out in the "Guide on Hourly Fee Rates for Consultants ", issued by the Department of Public Service and Administration; or
 - c) as prescribed by the body regulating the profession of the consultant.
- 5.1.4 The tender documentation for the appointment of consultants must include a clause that the remuneration rates will be subject to negotiation, not exceeding

the applicable rates mentioned in 5.1.2 *supra*.

- 5.1.5 When negotiating cost -effective consultancy rates for international consultants, the accounting officer may take into account the relevant international and market –determined rates.
- 5.1.6 When consultants are appointed, an accounting officer must, where practical –
- a) appoint consultants on a time and cost basis with specific start and end dates;
 - b) appoint consultants on an output- specified basis, subject to specific measurable objectives and associated remuneration;
 - c) ensure that contracts with consultants include overall cost ceilings by specifying whether the contract price is inclusive or exclusive of travel and subsistence disbursements;
 - d) ensure the transfer of skills by consultants to the relevant officials of a municipality;
 - e) undertake all engagements of consultants in accordance with the Municipal Supply Chain Management Regulations, 2005 and the municipality's supply chain management policy; and
 - f) develop consultancy reduction plans to reduce the reliance on consultants.
- 5.1.7 All contracts with consultants must include a fee retention or penalty clause for poor performance.
- 5.1.8 The municipality must ensure that the specifications and performance are used as a monitoring tool for the work to be undertaken and are appropriately recorded and monitored.
- 5.1.9 The travel and subsistence costs of consultants must be in accordance with the national travel policy issued by the National Department of Transport, as updated from time to time.
- 5.1.10 The contract price must specify all travel and subsistence costs and if the travel and subsistence costs for appointed consultants are excluded from the

contract price, such costs must be reimbursed in accordance with the national travel policy of the National Department of Transport.

- 5.1.11 These provisions will only apply to contracts entered into and tender processes started after the approval of the Policy by Council.

5.2 Controls:

- 5.2.1 The use of consultants must be reviewed and curtailed.
- 5.2.2 All pending appointments of consultants to be reviewed and no consultant services to be procured unless the Municipal Manager, based on a motivation from the Senior Manager concerned, endorses the procurement process.
- 5.2.3 Senior Managers must review the utilisation of consultants in their respective Directorates to determine if their continued services are still required.
- 5.2.4 Requests for extension of consultants' contracts of appointment must be motivated in writing to the Municipal Manager, and he may in turn instruct the Senior Manager to table an item via the Bid Committee system to make recommendations in this regard.
- 5.2.5 Any SLA or contract signed with consultants, must include:
- a) penalty clauses for poor performance,
 - b) clauses that deal with skills transfer,
 - c) period of the contract must be clearly stated, amongst other pertinent clauses.
- 5.2.6 Directorates who deal with consultants must ensure compliance with the NT instruction, as it relates to disbursements for travelling and accommodation for consultants.
- 5.2.7 The Municipal Manager must give instructions to all Directorates to develop a consultancy reduction plan, indicating how the Directorates intend to comply

with the National Treasury instruction.

6. VEHICLES USED FOR POLITICAL OFFICE-BEARERS

- 6.1 The threshold limit for vehicle purchases relating to official use by political office –bearers must not exceed R700 000 or 70% (VAT inclusive) of the total annual remuneration package for the different grades of municipalities, as defined in the Public Office Bearers Act and the notices issued in terms thereof by the Minister of Cooperative Governance and Traditional Affairs, whichever is lower.
- 6.2 The procurement of vehicles in 6.1 *supra* must be undertaken using the national government transversal contract mechanism, unless it may be procured at a lower cost through other procurement mechanisms; other procurement mechanisms may also be used should the transversal contract mechanism be proven to be too onerous or vehicles available on the contract will not be serviceable within a 100 km distance of the municipality.
- 6.3 Before deciding to procure a vehicle as contemplated in 6.2 *supra*, the accounting officer or delegated official must provide the council with information relating to the following criteria which must be considered:
- a) status of current vehicles;
 - b) affordability of options including whether to procure a vehicle through a cash purchase or a lease transaction, provided that the most cost-effective option is followed and the cost is equivalent to or lower than that contemplated in 6.1 *supra*;
 - c) extent of service delivery backlogs;
 - d) terrain for effective usage of the vehicle; and
 - e) any other policy of council.
- 6.4 Regardless of their usage, vehicles for official use by political office bearers may only be replaced after completion of 120 000 kilometres.
- 6.5 Notwithstanding 6.5 *supra*, a municipality may replace a vehicle for official use by political office bearers before the completion of 120 000km only in instances where the vehicle has a serious mechanical problem and is in a poor

condition and subject to obtaining a detailed mechanical report by the vehicle manufacturer or approved dealer.

- 6.6 An accounting officer must ensure that there is a policy that addresses the use of municipal vehicles for official purposes.

7. TRAVEL AND SUBSISTENCE

- 7.1 An accounting officer –

- a) may approve the purchase of economy class tickets for all officials or political office bearers where the flying time for the flights is five hours or less; and
- b) may only approve the purchase of business class tickets for officials, political office bearers and persons reporting directly to the accounting officer for flights exceeding five hours.

- 7.2 In the case of the accounting officer, the mayor may approve the purchase of economy class tickets where the flying time is five hours or less and business class tickets for flights exceeding five hours.

- 7.3 Notwithstanding 6.1 and 6.2 *supra*, an accounting officer, or the mayor in the case of an accounting officer, may approve the purchase of business class tickets for an official or a political office bearer with a disability or a medically certified condition.

- 7.4 The cost containment policy must limit international travel to meetings or events that are considered critical. The number of officials or political office bearers attending such meetings or events must be limited to those officials or political office bearers directly involved in the subject matter related to such meetings or events.

- 7.5 An accounting officer, or the mayor in the case of the accounting officer, may approve accommodation costs that exceed an amount as determined from time to time by the National Treasury through a notice only –

- a) during peak holiday periods; or

- b) when major local or international events are hosted in a particular geographical area that results in an abnormal increase in the number of local and /or international guests in that particular geographical area.
- c) where the event is hosted on a site where making use of on-site accommodation is more practical, written motivation for the deviation must accompany the requisition for accommodation.

7.6 An official or a political office bearer of a municipality must –

- a) utilise the municipal fleet, where viable, before incurring costs to hire vehicles;
- b) not hire vehicles from a category higher than Group B or an equivalent class; and
- c) where a different class of vehicle is required for a particular terrain or to cater for the special needs of an official, seek the written approval of the accounting officer before hiring the vehicle.

7.7 The municipality must utilise the negotiated rates for flights and accommodation as communicated from time to time by the National Treasury through a notice or any other available cheaper flight and accommodation.

7.8 **The geographical location of the municipality makes the usage of public transport unpractical and this policy therefore deviates from the Regulation relating to the use of public transport.**

8. DOMESTIC ACCOMMODATION

8.1 An accounting officer must ensure that costs incurred for domestic accommodation and meals are in accordance with the maximum allowable rates for domestic accommodation and meals as communicated from time to time by the National Treasury through a notice.

8.2 Overnight accommodation may only be booked where the return trip exceeds 500 kilometres, **unless it can be proven by the Municipal Manager and Official/ Public Office Bearer that it will be more cost-effective for the**

Municipality to book domestic accommodation. The safety of the employee or Public Office Bearer will also play a cardinal role in the decision to make an overnight booking or not.

9. CREDIT CARDS

- 9.1 An accounting officer must ensure that no credit card or debit card linked to a bank account of a municipality is issued to any official or political office bearer. The provision on credit cards excludes petrol/garage cards linked to a specific official vehicle.
- 9.2 Where officials or political office bearers incur expenditure in relation to official municipal activities, such officials or political officer bearers must use their personal credit cards or cash or arrangements made by the municipality, and request reimbursement in accordance with the written approved policy and processes

10. SPONSORSHIPS, EVENTS AND CATERING

- 10.1 The municipality may not incur catering expenses for meetings which are only attended by persons in the employ of the municipality, unless the prior written approval of the accounting officer is obtained.
- 10.2 An accounting officer may incur catering expenses for the hosting of meetings, conferences, workshops, courses, forums, recruitment interviews, and proceedings of council that exceed five hours or where the attendees travelled in excess of 100 km to attend.
- 10.3 Entertainment allowances of qualifying officials may not exceed two thousand rand per person per financial year, unless approved otherwise by the accounting officer.
- 10.4 A municipality may not incur expenses on alcoholic beverages unless the municipality recovers the cost from the sale of such beverages.

- 10.5 An accounting officer must ensure that social events, team building exercises, year –end functions, sporting events are not financed from the municipality's budgets or by any suppliers or sponsors; specific budgeted staff-wellness events are excluded where the specific events are separately budgeted, disclosed in the budget documentation of the municipality and approved by Council.
- 10.6 The municipality may not incur expenditure on corporate branded items like clothing or goods for personal use of officials, other than uniforms, office supplies and tools of trade unless costs related thereto are recovered from affected officials or is an integral part of the business model.
- 10.7 An accounting officer may incur expenditure not exceeding the limits for petty cash usage to host farewell functions in recognition of officials who retire after serving the municipality for ten or more years or retire on grounds of ill health. The petty cash limit is defined as per the limitations of the Supply Chain Management Regulations.

11. COMMUNICATION

- 11.1 The municipality should, as far as possible, advertise municipal related events on its website instead of advertising in magazines or newspapers. No advertisements regarding the general information and functions of the municipality may be placed in any publication at cost.
- 11.2 The accounting officer must ensure that allowances to officials for private calls and data costs are limited to an amount as determined by the accounting officer, the municipal officer should review the staff receiving allowances and the amounts receivable at least annually.
- 11.3 Newspapers and other related publications for the use of officials must be discontinued on expiry of existing contracts or supply orders, unless required for professional purposes and where unavailable in electronic format.
- 11.4 The municipality may participate in the transversal term contract arranged by

the National Treasury for the acquisition of mobile communication services.

- 11.5 The Councils policy relating to payment for private calls must be fully enforced by all Directorates and must the cost for private calls be recovered on a monthly basis from the affected official's salary.**

12. CONFERENCES, MEETINGS AND STUDY TOURS

12.1 The accounting officer must establish policies and procedures to manage applications to attend conferences or events hosted by professional bodies or non –governmental institutions held within and outside the borders of South Africa taking into account their merits and benefits, costs and available alternatives. Applications for attendance must be completed on the *Nomination/Request form to attend Education, Training and Development Course/Conference/Seminars/Workshops/Symposia/Lecture/Meeting* and duly approved by either the Municipal Manager or the duly delegated senior official.

12.2 When considering applications from officials or political office bearers to attend conferences or events within and outside the borders of South Africa, an accounting officer or mayor as the case may be, must take the following into account –

- a) the official's or political office bearer's role and responsibilities and the anticipated benefits of the conference or event;
- b) whether the conference or event addresses relevant concerns of the institution;
- c) the appropriate number of officials or political office bearers, not exceeding three, attending the conference or event; and
- d) the availability of funds to meet expenses related to the conference or event.

12.3 An accounting officer may consider appropriate benchmark costs with other professional bodies or regulatory bodies prior to granting approval for an official to attend a conference or event within and outside the borders of South Africa.

- 12.4 The benchmark costs referred to in 12.3 may not exceed an amount as determined from time to time by the National Treasury through a notice.
- 12.5 The amount referred to in 12.4 *supra* excludes costs related to travel, accommodation and related expenses, but includes –
- a) conference or event registration expenses; and
 - b) any other expense incurred in relation to the conference or event.
- 12.6 When considering costs for conferences or events these may not include items such as laptops, tablets and other similar tokens that are built into the price of such conferences or events.
- 12.7 The accounting officer of a municipality must ensure that meetings and planning sessions that entail the use of municipal funds are, as far as may be practically possible, held in- house.
- 12.8 Municipal or provincial office facilities must be utilised for conference, meetings, strategic planning sessions, inter alia, where an appropriate venue exists within the municipal jurisdiction.
- 12.9 The consideration for approval for officials must be done by an accounting officer and in the case of political office bearers and the accounting officer, the mayor, as contemplated in 12.2 *supra*.
- 12.10 A municipality must, where applicable and practical, take advantage of early registration discounts by granting the required approvals to attend the conference, event or study tour, in advance.

13. OTHER RELATED EXPENDITURE ITEMS

- 13.1 All commodities, services and products covered by a transversal contract concluded by the National Treasury must be considered before approaching the market, to benefit from savings where lower prices or rates have been negotiated, **unless the Municipal Manager, in writing and after doing a cost-analysis of the commodity, service or product to be rendered, can**

prove that it will be more cost-effective or practical to not make use of such a transversal contract.

- 13.2 Municipal resources may not be used to fund elections, campaign activities, including the provision of food, clothing, printing of agendas and brochures and other inducements as part of, or during election periods or to fund any activities of any political party at any time.
- 13.3 Expenditure on tools of trade for political office bearers must be limited to the upper limits as approved and published by the Cabinet member responsible for local government in terms of the Remuneration of Public Office Bearers Act, 1998.
- 13.4 A municipality must avoid expenditure on elaborate and expensive office furniture.
- 13.5 A municipality may only use the services of the South African Police Service to conduct periodical or quarterly security threat assessments of political office bearers and key officials and a report must be submitted to the speaker's office.
- 13.6 A municipality may consider providing additional time -off in lieu of payment for overtime worked. Planned overtime must be submitted to the relevant manager for consideration on a monthly basis. A motivation for all unplanned overtime must be submitted to the relevant manager.
- 13.7 A municipality must ensure that due process is followed when suspending or dismissing officials to avoid unnecessary litigation costs.

14. ENFORCEMENT PROCEDURES

- 14.1 Failure to implement or comply with these Regulations may result in any official of the municipality, political office bearer or director of the board that authorised or incurred any expenditure contrary to these regulations being held liable for financial misconduct or a financial offence in the case of political office bearers as defined in Chapter 15 of the Act read with the Municipal

Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014.

15. DISCLOSURES OF COST CONTAINMENT MEASURES

15.1 The disclosure of cost containment measures applied by the municipality must be included in the municipal in -year budget reports and annual costs savings disclosed in the annual report.

15.2 The measures implemented and aggregate amounts saved per quarter, together with the regular reports on reprioritisation of cost savings and on the implementation of the cost containment measures must be submitted to the Municipal Council for review and resolution. The municipal council can refer such reports to an appropriate Council Committee for further recommendations and actions.

15.3 The reports referred to in 15.2 must be copied to the National Treasury and the relevant provincial treasury within seven calendar days after the report is submitted to municipal council.

15.4 The reporting referred to in 15.1, 15.2 and 15.3 may be done as per the declaration from the Accounting Officer included in Annexure A that the Cost Containment Regulations and measures was considered and implemented by the municipality, this report will form part of the monthly, quarterly and annual reporting of the municipality. The detailed measures and aggregate amounts saved are not practically reportable at this stage. The reporting measures required in terms of the Policy will be revised on an annual basis.

16. IMPLEMENTATION DATE

16.1 This policy will be implemented with effect from 1 July 2019.



CENTRAL KAROO DISTRICT MUNICIPALITY

CREDIT CONTROL AND DEBT COLLECTION POLICY

2022/2023

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1. **PREAMBLE:**

1.1 In terms of section 96 of the Local Government: Municipal Systems Act, 2000, a Municipality shall-

1.1.1 collect all money due and payable to it, subject to the provisions of the Act and any other applicable legislation; and

1.1.2 for this purpose, implement and maintain a credit control, debt collection policy which is not in conflict with its rates and tariffs policies and which complies with the provisions of the Act.

1.2 In order to give effect to the afore-going provisions of the Act, the council of the Central Karoo District Municipality will have to adopt a policy relating to credit control, debt collection and as set out hereinafter.

2. **DEFINITIONS:**

2.1 For purposes of this policy, and unless inconsistent with the context, any word or phrase to which a specific meaning was ascribed by the Act, will have that meaning and

“**account**” includes:

- (1) Rental agreements;
- (2) Fire services;
- (3) Air quality services;
- (4) Environmental health levies;
- (5) Any other levies and money owing to the Municipality;
- (6) Continued Medical Members;
- (7) Public Works Services;
- (8) Shared Services; and
- (9) Monies due and owing by B Municipalities in terms of SLA's.

and will the above also include the definition of **“services”**.

“municipal account” has a corresponding meaning.

“Act” means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended from time to time;

“arrears” means any amount due and payable excluding interest to the Municipality which has not been paid on or before the date of payment;

“council” means the municipal council of the Central Karoo District Municipality;

“date of payment” means the date on which the Municipality’s accounts are due.

“minister” means the Minister for Provincial Affairs and Constitutional Development;

“members of the Cabinet” means the persons referred to in section 91(1) of the Constitution;

“Manager: Financial Services” means a person appointed by the council in that capacity to administer the council’s finances and includes any person –

(1) who is in an acting capacity in that position;

(2) to whom the Manager: Financial Services delegated a power, function or duty in respect of such delegated power, function or duty;

“Municipal Manager” means the person appointed in that capacity by the council in accordance with Section 82 of the Local Government Municipal Structures Act No 117 of 1988 as amended by Section 54A of the Local Government Municipal Systems Act No 32 of 2000 and includes any person –

- (1) acting in that position;
- (2) to whom the Municipality delegated a power, function or duty in respect of such delegated power, function or duty;

“municipal services” means a service that a municipality in terms of its powers and functions provides or may provide to or for the benefit of the local community irrespective of whether –

- (1) such a service is provided, or to be provided by the municipality through an internal mechanism contemplated in section 76 or by engaging an external mechanism contemplated in section 76; and
- (2) fees, charges or tariffs are levied in respect of such service or not.

“Municipality” means the Central Karoo District Municipality;

“owner” in respect of immovable property means-

- the person in whom ownership vests;

- in the event of the person in whom the ownership vests being insolvent or deceased, or subject to any legal disqualification, the person under whose control and administration such immovable property vest in his/her capacity as curator, trustee, executor, administrator, judicial manager, liquidator or any other lawful representative;
- in any event where the council is unable to determine the identity of such a person, the person who is entitled to the beneficial use of such immovable property;
- in the event of immovable property in respect of which a lease agreement of 30 years or longer had been concluded, the lessee thereof;
- in respect of a portion of land demarcated on a sectional title plan and registered in accordance with the Sectional Titles Act, 1986 (Act No. 59 of 1986), the developer or the governing body in respect of the joint property;
- in respect of a portion of land as defined in this Act, the person in whose name that portion is registered in accordance with a title deed registered in a Deeds Registrar's Office according the Deeds Registries Act, 1937 (Act No 47 of 1937), including the lawfully appointed representative of such person;
- any persona, including but not limited to a company registered in accordance with the Companies' Act, 1973 (Act No 61 of 1973) as amended, a trust *inter vivos*, a trust *mortis causa*, a close corporation registered in accordance with the Close Corporations Act, 1984 (Act No 69 of 1984) as amended, and a voluntary association;

- any persona, including but not limited to any government department;
- any persona, including but not limited to any council or governing body established in accordance with any legislation in force in the Republic of South Africa;
- any persona, including but not limited to any embassy or other foreign entity;

“premises”

means any portion of land, situated within the area of jurisdiction of the municipality, and of which the outer boundaries are demarcated on a general plan or diagram registered in accordance with the Land Survey Act, 1927 (Act No 9 of 1927) or the Deeds Registries Act, 1937 (Act No 47 of 1937); or a sectional title plan registered in accordance with the Sectional Titles Act, 1986 (Act No 95 of 1986);

“standard rate of interest”

means a rate of interest one percent higher than the prime rate in the RSA;

3. APPLICABLE LEGISLATION

- 3.1 Local Government: Municipal Systems Act, 32 of 2000;
- 3.2 Local Government: Municipal Structures Act, 117 of 1998
- 3.3 Local Government: Municipal Finance Management Act, 56 of 2003;
- 3.4 Constitution of the Republic of South Africa;
- 3.5 Sectional Titles Act, 59 of 1986;
- 3.6 Deeds Registries Act, 47 of 1937;
- 3.7 Companies Act, 61 of 1973;
- 3.8 Close Corporation Act, 69 of 1984;
- 3.9 Land Survey Act, 9 of 1927;
- 3.10 Public Office Bearers Act, 20 of 1998.

4. CUSTOMER CARE AND MANAGEMENT:

4.1 Municipal Accounts:

- 4.1.1 In so far as it is possible, the Municipality shall ensure that a person liable for payment of municipal services shall receive monthly statements on which the following shall be reflected:

- all outstanding amounts and the balance brought forward;
- amounts owing;
- total amount due.

4.2 Enquiries, Appeals and Service Complaints:

- 4.2.1 Should a person be convinced that his or her account for municipal services, is inaccurate, he or she may direct a request to the Municipality to have that account reviewed.

- 4.2.2 In the meantime, the person must pay an amount, as determined by the Manager: Financial Services, before the date of payment and until the matter has been resolved.
- 4.2.3 The Municipal department concerned shall, within one month of receipt of such a request, investigate the matter and inform the person concerned of the outcome of such an investigation.
- 4.2.4 Failure to pay the amount determined in accordance with paragraph 4.3.2 on or before the date of payment in respect of municipal services, will result in credit control action be taken as spelled out in this policy.
- 4.2.5 A person may appeal against the findings of the Municipality referred to in paragraph 4.3.3.
- 4.2.6 An appeal in accordance with paragraph 4.3.3 must be made and delivered to the Municipal Manager within 21 days of the appellant becoming aware of the finding referred to in paragraph 4.3.3 and shall set out the grounds of the appeal.
- 4.2.7 The Municipal Manager must commence with an appeal within six (6) weeks and decide the appeal within a reasonable period.

4.3 Payment Facilities:

- 4.3.1 The Municipality shall provide and maintain strategically situated accessible payment offices and cash points throughout its area of jurisdiction;
- 4.3.2 The following alternative payment facilities shall also be provided or be available:
- electronic bank transfers (A.C.B. system);
 - internet transfers;
 - direct depositing of money into the Municipality's approved bank account;

- 4.3.3 Where any of the alternative payment facilities is used, the onus is on the person using such facilities to provide proof of payment, and the Municipality does not accept liability for the non-receipt of such payments, or for incorrect allocations, where such incorrect allocations are due to a mistake on the part of such person.
- 4.3.4 Where payment of the money due is made by way of a direct deposit into the Municipality's approved bank account, the onus rests on the debtor to notify the Municipality of such deposit in writing or facsimile to reach the Municipality not later than the date of payment of such monies.
- 4.3.5 Municipal accounts are due and payable on the 15th of the month.

4.4 Allocation of Revenue:

- 4.4.1 In accordance with section 102 of the Act, a Municipality may consolidate any separate accounts of persons liable for payments to the Municipality and credit a payment by such a person against any account of that person

5. CREDIT CONTROL AND DEBT COLLECTION MEASURES:

5.1 Liability for Payment of Money Due and Payable to the Municipality:

- 5.1.1 The person responsible for the payment of money due and payable to the Municipality will be the following in the instances mentioned hereafter.
- 5.1.2 Any other services – the person to whom such services were delivered.
- 5.1.3 Where an account is not paid in full, any lesser amount offered and accepted by the Municipality shall not be deemed to be in full and final settlement of such account, unless the Municipal Manager in writing accepts such lesser amount as being in full and final settlement of the account in question.
- 5.1.4 The onus rests on the debtor to obtain a statement of his or her accounts so that

they may be paid on or before the date of payment.

5.2 Date of Payment of Money Due:

- 5.2.1 Moneys payable in respect of municipal services are due and payable on the date indicated as such on the account delivered each month in respect of those services and such payment must be made on or before the 15th day of the month after the month in which the account is rendered or such future date as the Council may determine from time to time.
- 5.2.2 Payment of amounts due to the Municipality, and fees due in respect of municipal services, must be made on the date indicated on the account rendered to such debtor in respect of such amount owed, which date will be no more than 30 days after the rendering of the particular service.
- 5.2.3 Where the last date of payment of any amount owing to the Municipality falls on a day on which the offices of the Municipality are closed, the final date for payment will be deemed to be the first subsequent day on which the offices are open.

5.3 Actions to be taken where Debtors fall in arrears or fail to pay:

5.3.1 Fees and Levies in Arrears in Respect of Municipal Services:

- 5.3.1.1 Interest shall be levied and be payable on all amounts in arrears. **This is applicable only to municipal services, the municipality will not raise interest on any other arrear accounts such as shared services, pensioner medical aid etc.**
- 5.3.1.2 If a person is unable to pay fees in arrears in respect of municipal services, the Municipality may enter into an agreement with such a person in terms of which he or she is permitted to pay the fees in arrears in monthly installments and that such the person regularly pays all future accounts in respect of municipal services; the person acknowledges that interest on such amounts in arrears shall be payable at the prescribed rate of interest and he or she agrees to pay such interest;

5.3.1.3 the person acknowledges that should he or she at any time fail to comply with the provisions of such an agreement, the agreement shall be deemed to be null and void; no further negotiations with that person shall be possible, and immediate steps shall be taken to have the electricity and water supplies to the premises in question disconnected or restricted, after which legal proceedings shall follow.

5.3.1.4 When a person is served with an account of which the amount due in respect of municipal services is exceptionally high and it is the result of –

- an act or omission on the part of the Municipality; or
- and provided that such amount in arrears is legally due and payable by that person, the Municipality may, in the discretion of the Manager: Financial Services, enter into an agreement with that person in terms of which he or she is permitted to pay the amount owing by way of monthly installments, provided that where such a high account is the result of an act and/or omission on the part of the Municipality, no interest shall be payable in respect of that outstanding amount.

5.3.1.5 If fees, or any portion thereof, due in respect of municipal services remain unpaid for a period exceeding 30 days calculated from the date of payment, and an agreement has not been entered into with the debtor, the Manager: Financial Services must,

- hand the account thus due and payable to a debt collector or attorney for collection, if, in his opinion, there is a fair chance that the debt may indeed be collected; (for purposes hereof a debt collector will be deemed to include any official of the council who is vested with the authority to collect debts)
- or institute legal proceedings against the debtor for the recovery of the debt.

5.3.2 Arrears Rental Agreements:

- 5.3.2.1 Where agreements provide for interest payable on rentals in arrears, interest will be levied in accordance with the provisions contained in such lease or loan agreements.
- 5.3.2.2 Where installments due to the Municipality are not paid on or before the date of payment, a letter of demand is sent to the person involved in which he or she is requested to pay such arrears, together with interest, if any, within 21 days of the date of such notice.
- 5.3.2.3 An agreement to pay the arrears by way of monthly installments may at any time be entered into with the person so in arrears, subject, however, to the terms and conditions contained in paragraph 5.3.2.2, which terms shall apply *mutatis mutandis*.
- 5.3.2.4 Where no agreement has been concluded to pay arrears by way of monthly installments, and such amounts still remain in arrears after more than 30 days calculated from the date of payment, the Manager: Financial Services shall take the steps as set out in paragraph 5.3.2.3.

5.4 Fees Due Other than those in Respect of Municipal Services and Rental Agreements:

- 5.4.1 The provisions of paragraphs 5.3.2.2 in respect of agreements in arrears are applicable *mutatis mutandis*.

5.5 Collection of Deposit:

- 5.5.1 When an entity applies for municipal services and before such services are provided, a deposit may be collected from that entity to serve as security or partial security for the payment for municipal services provided to that entity.
- 5.5.2 A deposit as envisaged in paragraph (5.6.1) is utilized to extinguish or reduce debts owed by an entity to the Municipality for municipal services rendered.
- 5.5.3 The amount of the deposit is determined as per specific agreement for municipal services.
- 5.5.4 When an entity, having paid a deposit to the Municipality, requests in writing that the municipal services provided to him or her be terminated and that the deposit thus kept by the Municipality be refunded to the entity, such deposit or any portion thereof which has not been utilized in accordance with paragraph 5.6.2, shall be refunded to such entity.
- 5.5.5 The Municipality is not liable for the payment of interest on deposits held by the Municipality.

5.6 Institution of Legal Proceedings:

- 5.6.1 The institution of legal proceedings includes, but is not limited to-
1. the suing of a debtor for payment of amounts in arrears;
 2. the attachment of rent payable in respect of a property;
 3. the attachment of a debtor's remuneration;
 4. the attachment and sale in execution of movable things;
 5. the attachment and sale in execution of immovable property;
 6. the evacuation of a tenant from a rented property in the event of rental due to the Municipality in respect of such leased property.

5.6.2 The institution of legal proceedings is undertaken with due consideration of all legal requirements and in compliance with the applicable regulations and procedural rules.

5.6.3 Discretionary powers vest in the Manager: Financial Services to decide whether –

1. an account should be handed over to a debt collector or an attorney for collection and if
2. legal proceedings should be instituted against a debtor;

in those instances where the total indebtedness of the debtor is R500,00 or less.

5.6.4 In the exercise of his powers the Manager: Financial Services determines as a sole consideration whether it will be cost-effective to hand over the account for collection and/or to institute legal proceedings against the debtor or not. No debt will be handed over for collection if the amounts is less than R 10 000.

5.6.5 The Manager: Financial Services shall be empowered to determine which of the judicial measures listed in paragraph 5.8.1 will be the most appropriate and effective in respect of each and every debtor against whom legal proceedings are to be instituted in accordance with this policy of the Council.

5.7 Writing Off of Bad Debt:

5.7.1 Steps to be Taken Before Writing Off Debt:

1. CREDIT CONTROL AND DEBT COLLECTION POLICY ACTIONS

All the applicable actions as contained in the Credit Control and Debt Collection Policy of the Municipality should have been executed and implemented.

2. ESTATE NOTICES MONITORING

Estate notices in the Government Gazette must be checked regularly by the legal section to enable the municipality to institute claims against insolvent and deceased estates of persons owing money to the Municipality.

3. TRACING OF DEBTORS

In the event that the debtor's address is not known, all reasonable steps must be taken to trace the debtor. A reasonable effort to trace the debtor will include, but is not limited to, the following:

- (a) Utilizing all the information available (such as vehicle registration number, school attended by children, etc.) to locate the debtor;
- (b) Utilizing the telephone directory for the last town or city in which the debtor lived to locate the debtor and/or his/her relatives; and
- (c) Contacting the following institutions or persons in order to locate the debtor:
 - The Vehicle Registration Authorities;
 - The Department of Home Affairs; and
 - Officials and/or colleagues at the debtor's last place of employment.

The Manager Financial Services shall consider all other economically viable avenues for debt recovery, including the use of tracing agents, factoring of debts, recourse against sureties, guarantors or lessees, etc.

Provision for bad debts or impairments will be done in terms of GRAP 104.

5.7.2 Prevention of Prescription of Debt:

Proceedings out of the appropriate court having jurisdiction for the recovery of a debt must be commenced as soon as is appropriate in order to prevent prescription of the debt. A summons process for payment of the debt must be successfully concluded as soon as possible to prevent prescription of the debt in terms of the Prescription Act.

5.7.3 General:

Should all the above efforts prove to be unsuccessful and the debtor cannot be traced or it would be uneconomical to take the matter any further, only then must a submission be made requesting the write-off of the debt. This submission must detail all steps taken and the Municipality must maintain audit trails in such instances and document the reasons for the abandonment of the actions or claims in respect of the debt.

5.7.4 Write-Off Debts Owning to the Municipality:

5.7.4.1 GENERAL CONDITIONS:

The Municipality will consider debts for write-off in the following general circumstances:

- When debts have prescribed, as contemplated in paragraph 5.8.1 above;
- When debts have not been recovered from the deceased, where their estates have been finalized, and recovery of the debts from the heirs is not possible;
- When debts are owed by debtors who cannot be traced, notwithstanding compliance with the provisions in paragraph 5.3 above;
- When no source documentation is available to substantiate or prove the

claims, provided that the Manager Financial Services must have satisfied him/herself that all reasonable steps have been taken to locate the source documents;

- When the debtor has emigrated without paying the debts, leaving no assets available for attachment and the debtors' whereabouts are unknown;
- When it is not economical to pursue the debt further.

Note: Unless affordable arrangements can be made with tracing agents or attorneys, the costs associated with the tracing of a debtor and subsequent legal costs occasioned thereby, could exceed the amount claimed. It would therefore not be in the Municipality's interest to attempt recovery of debts where the prospects of recovery are remote, and where the possibility exists that the costs associated with recovery may exceed the debt.

5.7.4.2 SPECIFIC CONDITIONS:

The Municipality will consider debts for write-off in the following specific circumstances:

Debt owed to Council arising from auxiliary services rendered by Council will be regarded as irrecoverable if the debt has prescribed or in circumstances contemplated in 5.8.3.

5.7.5 Final Action:

5.7.5.1 Whenever all the legal avenues, procedures and steps listed above have been exhausted, the arrear amounts should be classified as irrecoverable and should be written off by the person to whom the authority to do so has been delegated under the Municipality's system of delegations.

5.7.5.2 Immediately after 30 June each year, or more regularly if requested by Council, the Manager Financial Services must present to the Council a report listing the

following:

- For noting – details of the debts that was written off during the year ending 30 June under delegated authority, together with the reasons for the write offs; and
- For consideration – details of any debt, not included under (a) above, which is believed to be irrecoverable, together with the reasons for this conclusion. The council shall then approve the write-off of such arrears, it if is satisfied with the reasons provided.

5.7.6 *Bad Debts Recovered:*

The approval of Council for the write-off of any debt does not mean that actions to recover the money will be terminated, however, further actions will be instituted depending on the costs involved and if debt is recovered it will be recorded in the financial records of Council as recovered.

6. **GENERAL PROVISIONS:**

6.1 **Collection Costs:**

6.1.1 All legal costs and any other expenses incurred by the Municipality in order to recover monies owing by a debtor to the Municipality, shall be debited against that debtor's account and/or collected by an attorney.

6.1.2 Collection commission and other expenses incurred by the municipality in order to recover monies owing by a debtor to the municipality, is not recoverable from the debtor.

6.2 **Dishonored Payments:**

Should any payment made to the Municipality by means of a negotiable instrument

be dishonored by a bank at a later stage, the Manager: Financial Services may –

- a. impose costs and administration fees on the account of that debtor at a rate to be determined by the council from time to time; and
- b. after payment tendered by a debtor is dishonored for a third time by a bank, notify that person in writing that all future payments may only be made in cash.

6.3 Monies due by Councilors in cases of Overpayment:

6.3.1 In terms of Section 16 of the Remuneration of Public Office Bearers Act, 20 of 1998 (as amended in terms of Notice no. 1600 of 21 December 2016):

6.3.1.1 Any remuneration paid to a councilor of a municipality otherwise than in accordance with Section 167(1) of the Local Government: Municipal Finance Management Act (Act 56 of 2003) including any bonus, bursary, loan, advance or other benefit, is an irregular expenditure and the municipality –

- must recover that remuneration from the political office bearer or member; and
- may not write –off any expenditure incurred by the municipality in paying or giving that remuneration.

6.3.1.2 The MEC must report to the Minister –

- any transgression of subsection (1); and
- any non-compliance with this notice.

6.4 Continued Medical Members:

Should any continued medical members fall behind on their payments towards their medical aid contribution, one written letter of demand will be sent to them to bring their arrears up to date. Should the arrears not be brought up to date, Council will immediately stop their contribution towards medical aid.

6.5 Debt due by Employees of the Central Karoo District Municipality

Will be dealt with in terms of the stipulations of other applicable policies.

6.6 Access to Premises:

An occupier of premises in the area of jurisdiction of the Municipality must give an authorized representative of the Municipality or of a service provider access at all reasonable hours to the premises.

6.7 Signing of Notices and Documents:

A notice or document issued by the Municipality pursuant to a by-law promulgated by the Municipality and signed by a staff member of the Municipality is deemed to have been properly issued and shall be accepted by the court as evidence of that fact upon the mere submission thereof.

6.8 Certification of Documents:

Any order, notice or other document which needs to be certified by the Municipality, is deemed to have been sufficiently certified if it is signed by the Municipal Manager or a duly authorized official of the Municipality to whom such powers were delegated by means of a decision of the Municipality's council or pursuant to a by-law.

6.9 Prima Facie Evidence:

In lawsuits initiated by the Municipality, the mere submission of a certificate reflecting the amount due and payable to the Municipality and signed by the Municipal Manager or a suitably qualified official authorized thereto by the Municipal Manager, shall be accepted by the court as *prima facie* evidence that the amount is due.

6.10 Data Maintenance:

Should the client contact the municipality at any time, his/her details as reflected on the financial system should be verified and checked and adjusted accordingly.

6.11 Short Title:

This policy is called the Credit Control, Debt Collection Policy of the Central Karoo District Municipality.



CENTRAL KAROO DISTRICT MUNICIPALITY

FUNDING AND RESERVES POLICY

2022/2023

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CAPITAL REPLACEMENT RESERVE (CRR)

1. PURPOSE

- 1.1 It is the policy of Central Karoo District Municipality to establish, in future or as soon as reasonably possible, a Capital Replacement Reserve as permitted by the budgetary restrictions experienced by the Municipality.
- 1.2 The Municipality does not provide any basic services and it is therefore not heavily invested in service delivery infrastructure. The largest asset class of the municipality is Land and Buildings with smaller investments in vehicles and furniture and equipment.
- 1.3 The purpose of the CRR is to set aside funds for the financing of property, plant and equipment. The CRR is therefore an asset financing source that represents an alternative to the other funding sources available to municipalities, namely external loans (Interest bearing borrowings) and government grants and subsidies.

2. CONTRIBUTIONS

- 2.1 It is the policy of Council to strive towards building up a cash funded CRR to ensure that the CRR remains a capital funding source of the future.
- 2.2 The Municipality will determine its future capital financing requirements and endeavor to transfer sufficient cash to its CRR in terms of this determination.
- 2.3 The Integrated Development Plan, the Municipality's ability to raise external finance and the amount of government grants and subsidies that will be received in future will need to be taken into account in determining the amount that must be transferred to the CRR.
- 2.4 All cash proceeds on the sale of assets (including the sale of buildings and land) will be transferred from the Accumulated Surplus to the CRR via the Statement of Changes in Net Assets.

3. ACCOUNTING

- 3.1 The balance of the CRR must always be represented by cash and the CRR may only be used for the purpose of financing items of property, plant and equipment as specified in GRAP 17. It may not be used for the maintenance of any assets. Whenever an asset is financed out of the CRR an amount equal to the cost price of the asset purchased is transferred from the CRR into Accumulated Surplus on the Statement of Changes In Net Assets. This is to cover future depreciation charges on the assets funded from the CRR.



CENTRAL KAROO DISTRICT MUNICIPALITY

GRANTS-IN-AID POLICY

2022/2023

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1. **PREAMBLE:**

The Central Karoo District Municipality ("the CKDM"), apart from entering into commercial and other business transactions or specific delivery agreements with organizations or bodies outside any sphere of government to deliver goods and services within its area of jurisdiction, also makes grants-in-aid to such organizations or bodies to fund projects that benefit the community and, in partnership with the CKDM, also utilize grants-in-aid to carry out projects that assist the CKDM in realizing its goals and objectives as set out in its IDP and strategies to be an opportunity, a safe, a caring, an inclusive and a well-run CKDM.

The projects and/or programs supported by these grants-in-aid assist the CKDM in:-

- Addressing the social developmental and early childhood developmental needs of communities as set out in the Social Development and Early Childhood Developmental Implementation Protocol;
- Building and growing arts and culture within communities and involving youth in Arts and Culture programs as set out in the Arts and Culture Implementation Protocol;
- Driving Economic and Social Development within its area of jurisdiction in terms of its Economic Growth Strategy ("EGS") and Social Development Strategy ("SDS") through application of the respective criteria as detailed in;
- Promoting sports and recreation and the utilization of local sports facilities;
- Fighting crime to ensure the safety and security of its citizens by supporting the establishment of neighbourhood watch services within communities; and

- Pursuing its mandates and responsibilities relating to existing health situations in terms of the Health Act.

The Grants-in-aid Policy ("the/this Policy") was drafted in order to ensure:- that all grants-in-aid allocated in terms of this Policy are only allocated or transferred to any organization or body (beneficiary), outside any sphere of government, following confirmation of compliance with all relevant legislation and the due application of proper and sound regulatory and approval processes and/or procedures; that grants-in-aid funds received by any beneficiary are only utilized for the purposes or for carrying out the project or program as per the Business and Project Plan for which the funds were approved by means of the application of the proper monitoring, recording and reporting processes and/or procedures; service providers have the capacity and have agreed in terms of the Memorandum of Agreement ("MOA") to implement effective, efficient and transparent financial management and internal control systems to guard against fraud, theft and financial mismanagement; proper and effective political oversight by Councillors at the First Screening Process ("FSP") when the initial administrative processes, in respect of grants-in-aid applications, are carried out; and, application of the principles associated with good corporate governance.

2. **DEFINITIONS:**

In this Policy unless the context indicates otherwise –

"beneficiary"	means the target community or group that will benefit from a grants-in-aid funded project or program;
"capacity building"	Capacity Building refers to a process which enables human beings to realize their potential, build self-confidence and lead lives of dignity and fulfilment. These Capacity Building programs have to align to the basket of services of the Directorate: Social Development and Early Childhood Development i.e. Early Childhood Development, Youth Development, Substance Abuse,

Poverty Alleviation, Vulnerable Groups and Street People.

“Commercial or other business transactions” means a contract or transaction entered into between the CKDM and an outside contractor or vendor in terms of the CKDM’s SCM Policy and Procedures for the supply of goods and/or services by the contractor or vendor;

“disclosure and declaration of interests of Councillors” means disclosures and declarations by Councillors as required in terms of Sections 5 and 7 of Schedule 1 – (Code of Conduct for Councillors) of the Local Government: Municipal Systems Act, 32 of 2000 (MSA);

“Early Childhood Development (“ECD”) Facility” means any place, building or premises, including a private residence, maintained or used partly or exclusively, whether for profit or otherwise, for the reception, protection and temporary or partial care of more than six children that shall be registered with the WCG and be managed and maintained in terms of the Children’s Amendment Act, 41 of 2007;

“Economic Growth Strategy” means a strategy that is aimed at coordinating and directing the work of the CKDM and its external partners towards the expansion of access to economic opportunities by growing the economy and creating jobs being core objectives of the CKDM’s strategic focus area of being an opportunity CKDM.

“finance manager” means the official in a Directorate or Line Department who is responsible for the financial management and administration of his/her directorate or department;

“grants-in-aid” means a grants-in-aid or allocation, as referred to in

Section 17 (3) (j) (iv) of the MFMA, made by the CKDM to any organization or body referred to in Section 67(1) and to be utilized to assist the CKDM in fulfilling the Constitutional mandates including social developmental and arts and culture programs as set out in the respective Implementation Protocol agreements with the WCG and the EGS and SDS criteria;

“Grants-in-aid Committee” means the committee established in terms of clause 2 of this Policy;

“memorandum of agreement” (“MOA”) means the agreement entered into between the CKDM and any organization or body which receives a grants-in-aid in terms of this Policy;

“municipal account” means the municipal services account rendered by the CKDM in respect of property rates, service and user charges for services rendered;

“Non-governmental Organization (NGO)” Means a non-governmental organization (NGO) that is a legally constituted non-profit organization that operates independently from any form of government; “Non-profit company (NPC)” means a company whose Memorandum of Incorporation must set out at least one object of the company and each such object must be either a public benefit object or object relating to one or more cultural or social activities, or communal or group interests as required by Item 1(1) of Schedule 1 of the Companies Act, 71 of 2008;

“Non-profit Organization (NPO)” means a non-profit Organization (NPO) registered in terms of Section 13 of the NPO Act, 71 of 1997;

“Social Development Strategy (SDS)” means a strategy that is aimed at coordinating and directing the work of the CKDM and its external partners towards realizing the CKDM’s aim and commitment to the building of a Caring and Inclusive CKDM to improve the lives of its citizens especially the poor, marginalized and vulnerable;

“specific delivery agreement” means an agreement entered into between the CKDM and a beneficiary to deliver goods and services of a specialized and unique nature and/or require specific expertise and special skills to produce, install and/or provide.

3. STATUTORY PROVISIONS AND COMPLIANCE:

3.1 Procedural and Regulatory Oversight:

Inter-services Liaison, shall carry out a FSP of all grants-in-aid applications received by the advertised closing date. The FSP shall be chaired by the head of the Line Department. The MAYCO shall appoint Councillors to attend the FSP to provide the necessary political oversight during the FSP and ensures fairness, equity and transparency when grants-in-aid applications are being considered. ISL shall attend all FSP’s held by Line Departments. Grants-in-Aid allocation amounts are at the discretion of the Councillors and not the officials. All revised Business and Project Plans must be re-submitted to Inter Services Liaison for review appertaining legal compliance.

3.2 The Grants-in-Aid Committee:

- 3.2.1 Section 67 of the MFMA requires the CKDM to implement and sustain proper and effective controls and procedures when transferring funds of the CKDM to an organization or body outside any sphere of government. Compliance with the regulatory and control measures as set out in Section 67(1) must be enforced by the Accounting Officer through contractual and other appropriate measures in terms of Section 67(3).
- 3.2.2 This regulatory process will receive oversight from the Grants-in-aid Committee ("the Committee"). The members of the Committee shall be officials of the CKDM appointed by the CFO. The Committee will have a broad strategic representation by including officials from various functional areas in the CKDM as members and will be chaired by the CFO or his/her nominee.
- 3.2.3 The Committee will administer, co-ordinate and control the Second Screening Process ("SSP") in respect of grants-in-aid applications recommended by line departments. The Committee must ensure that each of the recommended grants-in-aid complies with all the provisions contained in this Policy, the Constitution and relevant legislation, Implementation Protocol Agreements and other policies of the CKDM where applicable, especially the Supply Chain Management Policy. The Committee is mandated to either support or not support a recommendation received from a line department dependent upon the outcome of its assessment of the grants-in-aid proposal or recommendation.

3.3 Self-Regulatory Process:

- 3.3.1 The self-regulatory process ("SRP") must be used by a line department to submit grants-in-aid applications/proposals to the Committee for consideration at the SSP before submission of grants-in-aid reports to the relevant Portfolio Committee, MAYCO and Council for approval. In order for the Committee to concentrate on performing its regulatory and compliance mandates the full report including the SRP and the TAP must be submitted to the Committee;
- 3.3.2 This process only applies where a grant-in-aid is allocated in terms of this Policy. It therefore does not apply to any allocation of funds for projects and expenditure listed as exclusions under paragraphs 5.1 and 5.2 of this Policy, including funds allocated in terms of paragraph 3.7.3 when making use of the specific delivery agreement. These either represent projects or expenditure that, will not qualify for grants-in-aid funding under this Policy, or, are administered and regulated in terms of other specific policies and procedures that shall at least include similar monitoring requirements, controls and reports.

3.4 Constitutional Powers and Functions, Implementation, Protocols and Economic and Social Development Criteria:

- 3.4.1 In terms of section 156 of the Constitution, the CKDM has executive authority in respect of and the right to administer the local government matters as listed in parts B of Schedules 4 and 5 and any other matter assigned to it by national or provincial legislation reflects the project qualifying criteria utilized to assess compliance with these requirements and provisions.

3.4.2 Social Development and Early Childhood Developmental Implementation Protocol Agreement between the Western Cape Government and the CKDM for implementation of the Directorate's Social Development and Early Childhood Development programs.

3.4.3 This is an agreement entered into between the Western Cape Government and the CKDM in order for the CKDM, through its Social Development and Early Childhood Development Directorate, to address the social developmental needs of communities and for the purposes of executing projects and initiatives in alignment with the CKDM's IDP.

3.5 Arts and Culture Implementation Protocol:

This is an agreement entered into between the Western Cape Government via its Department of Cultural Affairs and Sport and the CKDM in order for the CKDM to build and grow arts and culture within communities and involving youth in Arts and Culture Programs and for the purposes of extending projects and initiatives in support of addressing the developmental needs of communities and individuals either in collaboration with each other or on their own.

3.6 Economic and Social Development Criteria:

These criteria are set out in the CKDM's EGS and SDS which are aimed at coordinating and directing the work of the CKDM and its external partners towards achieving the strategic goals of being an Opportunity, a Caring, an Inclusive, a Safe and a Well-run Municipality.

3.7 VAT and SCM 9:

3.7.1 In determining that the payment is in terms of this policy, such payment will, in terms of the VAT Act, 89 of 1991 be deemed zero rated if it's made to a registered Welfare Organization which means any public benefit organization contemplated in paragraph (a) of the definition of "public benefit organization" in section 30(1) of the Income Tax Act, 58 of 1962, and especially Interpretation Note 39 published by SARS on 8 February 2013, that has been approved by the Commissioner in terms of section 30(3) of that Act. Payments made to other organizations/bodies that are VAT vendors can also be deemed a zero rated grants-in-aid, provided that the grants-in-aid paid to or on behalf of that vendor is in the course or furtherance of an enterprise carried on by that vendor. All other payments to non-VAT vendors will not be seen as grants-in-aid in terms of the VAT Act but a transfer payment made in compliance with Section 67. All VAT and non-VAT vendors must be registered on the CKDM's SAP Vendor Data Base which forms part of the SCM process.

3.7.2 The appointment of outside contractors to deliver goods and services that are normally performed and delivered by the CKDM's line departments should be undertaken by the line departments utilizing funds provided for the delivery of goods and services on their approved operating budgets. All appointments of contractors shall be made in terms of the CKDM's SCM Policy and procedures as applied and interpreted by the SCM Department and such appointments shall be regulated and managed as commercial or business transactions. A grants-in-aid allocated in terms of this Policy may not be utilized to fund such expenditure.

- 3.7.3. Line Departments may, apart from appointing contractors in terms of the SCM Policy, also utilize Specific Delivery Agreements entered into with certain service providers to carry out projects for the delivery of goods and services subject to sanction by the SCM department which must be consulted by the relevant line department's project manager and the Directorate's finance manager. Such projects or deliverables are funded directly by the respective departments utilizing their approved budget and not by means of a grants-in-aid allocated in terms of this Policy. The goods and services provided should be of such a nature that they can only be effectively delivered by a specialist organization. Line Departments utilizing this delivery model shall be identified under paragraph 5.2 below confirming that these transfers of funds are not Grants-in-aid allocated in terms of this Policy.

4. ORGANIZATIONS OR BODIES MAKING APPLICATION FOR GRANTS-IN-AID FUNDING IN TERMS OF THIS POLICY – SPECIFIC QUALIFYING CRITERIA:

Applicants, who apply for grants-in-aid in terms of this Policy in order to carry out projects and/or programs that meet the project qualifying criteria, shall either be one or more of the following:

- 4.1 a public benefit organization ("PBO") which is a non-profit company ("NPC") incorporated in terms of Schedule 1 of the Companies Act, 71 of 2008 or a trust or an association of persons that has been incorporated, formed or established in the Republic as contemplated in the definition of public benefit organizations in sections 30(1) and 30(3) of the Income Tax Act, 58 of 1962 as amended; or
- 4.2 a NPO registered as such in terms of section 13 of the Non-Profit Organizations Act, 71 of 1997; or

- 4.3 an ECD site or child care and development facility such as a crèche, day care or educare-center with the principal object being early childhood development for children aged 0 – 6 years and that is duly registered with the Department of Social Services of the WCG as a place of care in terms of the Children's Amendment Act, 41 of 2007; or
- 4.4 an old age home registered with the Department of Social Services: Western Cape Government in terms of the Older Persons Act, 13 of 2006 or a senior citizens group, association or recreational club registered as a PBO or a NPO and provided the grants-in-aid is to be used for the promotion of sport and utilization of local sports facilities by the aged or to acquire recreational material or to promote arts and culture among the aged, or to acquire special frail care equipment to improve mobility of the aged, or where the old age home and the senior citizen groups utilize grants-in-aid funding to provide a service to the community in respect of skills development, poverty alleviation or other projects or programs that qualify for grants-in-aid funding in terms of this Policy; or
- 4.5 any religious body, institution or association of a public character registered as a PBO in terms of section 30 of the Income Tax Act, 58 of 1962 as amended and performing public benefit activities or carrying out community-based projects or programs aligned to requirements of this Policy and thereby assisting the CKDM in pursuing its broader mandates especially with respect to social development; or,
- 4.6 any public school, as defined in the South African Schools Act, 84 of 1996, or independent school registered in terms of section 46 of that Act, where grants-in-aid may only be allocated and used to provide and/or maintain their own sports facilities and/or acquire sports equipment in order to promote access to sporting activities and the utilization of local sports facilities thereby assisting the CKDM in

pursuing its broader developmental and municipal health mandates in respect of the youth; or,

- 4.7 any sports body, club, association or group registered as a PBO or NPO, i.e. not an undertaking or enterprise operating as a business for profit as referred to under paragraph 5.1.18, which actively promotes the utilization and provision of sport facilities, and the repairs and maintenance thereof and/or provides sports equipment to be utilized by participants on a non-professional basis as a past time and thereby assisting the CKDM in pursuing its broader mandates in terms of promoting community and municipal health provided that access to and utilization of the facilities of such an organization and the activities carried out by that organization is for the benefit, of, or is widely accessible to, the general public at large including any sector thereof (other than small and exclusive groups); or

- 4.8 any arts and culture associations or groups, heritage and history societies, theatre and dance groups, museums registered as PBO's or NPO's being properly constituted, voluntary organizations or associations, with verifiable lists of members and with minutes of recent annual general meetings functioning as arts collectives or groupings which actively promote the utilization and provision of arts and culture facilities, and the repairs and maintenance thereof and/or provide arts spaces thereby assisting the CKDM in pursuing its broader mandates in terms of promoting community needs for arts and culture provided that membership of such an organization is not exclusive and the organization has a sustainability plan.

5. PROJECTS, PROGRAMS AND EXPENDITURE THAT CANNOT BE FUNDED BY MEANS OF GRANTS-IN-AID ALLOCATED IN TERMS OF THIS POLICY:

5.1 The following, being either, projects, activities, programs or types of expenditure, will not qualify for grants-in-aid funding in terms of this Policy:

- 5.1.1 bursaries of any kind; or
- 5.1.2 disaster management and relief; or
- 5.1.3 donation of assets, moveable or immovable; or
- 5.1.4 public functions, conferences and seminars of any kind; or
- 5.1.5 rewards and awards; or
- 5.1.6 sponsorships, of any kind, as defined in and regulated by other policies of the CKDM; or
- 5.1.7 luncheons, dinners, parties and functions of any kind; or,
- 5.1.8 sporting, entertainment, recreational, religious, cultural, exhibition, organizational or similar activities, hosted at a stadium, venue or along a route or within their respective precincts; or,
- 5.1.9 if not aligned to the priorities, strategies and objectives as set out in the CKDM's IDP; or,
- 5.1.10 retrospective funding of expenditure that has already been incurred or to fund any over expenditure that may be incurred on an approved grants-in-aid project; or;

- 5.1.11 where only an individual will benefit; or,
- 5.1.12 which are to be carried out beyond the CKDM's area of jurisdiction unless a clear and compelling benefit to the CKDM and its residents can be demonstrated; or,
- 5.1.13 for the benefit of any particular political party, organization, group grouping or affiliation; or,
- 5.1.14 subsidization or funding of municipal rates, tariffs, service or user charges; or,
- 5.1.15 the funding of any expenditure relating to or associated with the operation of special rating areas established in terms of the MPRA; or,
- 5.1.16 funding any organizations or body's normal operational expenditure including employee costs or any expenditure required to establish an organization or to make it viable where employee costs are an integral part of project's management/implementation or operational costs except for projects undertaken by organizations which provide residential care to victims of abuse who are removed from their family units due to circumstances; or,
- 5.1.17 any commercial or other business transactions entered into between the CKDM and outside contractors or suppliers, in terms of the CKDM's SCM Policy for the supply of goods or services; or,
- 5.1.18 any undertaking or enterprise operating as a business for profit or gain except in the case of an ECD site or child care facility referred to in paragraph 4.1.3 above or economic and social developmental projects and initiatives approved by Council in terms of the CKDM's EGS and SDS; or,
- 5.1.19 grants-in-aid to civic or ratepayers' associations.

5.2 This Policy does also not apply to the following which are either processed and regulated in terms of other policies of the CKDM or are administered and regulated in terms of other empowering legislation, are considered to be commercial or business transactions, or are transfers made in terms of Specific Delivery Agreements referred to in paragraph 3.7.3 as utilized by certain Line Departments:-

- 5.2.1 housing billing subsidies; or,
- 5.2.2 housing development subsidies; or,
- 5.2.3 indigent grants-in-aid and rates rebates; or;
- 5.2.4 inter-governmental grants-in-aid; or,
- 5.2.5 a grants-in-aid to other municipalities; or,
- 5.2.6 a grants-in-aid to other organs of state; or,
- 5.2.7 a grants-in-aid to municipal entities; or,
- 5.2.8 allocations by the Sports and Recreation Department, in terms of specific delivery agreements as provided for under paragraph 3.7.3 above to fund municipal delivery partnerships utilized to regulate the funding of "caretaker allocations", municipal facility management committees and district sports councils and annual allocations to the Life Saving Western Province.
- 5.2.9 allocations in terms of environmental or heritage management and/or conservation specific delivery agreements as provided for under paragraph 3.7.3 above entered into by the Environmental Resource Management Department with other organs of state and non-

governmental organizations which are registered NPO's or section 21 companies. The provisions for these allocations are made on the approved operating budget of that department under the relevant GL accounts and not 457100; or,

- 5.2.10 provision of capital infrastructure and the erection of buildings or the extension of or alterations to buildings on property either belonging to the CKDM or property belonging to the organization or body making application for a grant-in-aid in terms of this Policy or to property being leased by such organization and body from another party; or,
- 5.2.11 repairs and maintenance to Council owned facilities, buildings or properties utilized by organizations either in terms of a lease agreement with the CKDM, or hired at the applicable tariff in terms of its tariff policies; or
- 5.2.12 funds established and operated by the CKDM in terms of section 12 of the MFMA; or
- 5.2.13 events of any kind, including the marketing thereof, which include large sporting and major cultural events, concerts, shows and/or exhibitions and "indabas"; or
- 5.2.14 the promotion of tourism and/or destination marketing; or
- 5.2.15 allocations by the Economic Development Department in respect of: analysis and policy; entrepreneurship; business promotion; sector development; job creation and skills development; and, area development as per the economic developmental criteria of the EGS. These allocations or transfers of funds are made in terms of specific delivery agreements, as provided for under paragraph 3.7.3 above, entered into between the beneficiary and the CKDM but exclude grants-in-aid that will be allocated under GL 457100 in terms of this Policy for

creating an enabling environment for Local Area Economic Development. These payments should therefore be allocated under GL 457200.

6. OTHER REQUIREMENTS:

- 6.1 Applications for grants-in-aid funding in terms of this Policy shall only be considered where organizations or bodies have responded to advertisements published in the local press except in those instances referred to in 6.2 below where such applications are processed and motivations or reasons must be given why no advert(s) were published. Adverts calling for applications for grants-in-aid, in terms of this Policy, may not be published unless they have first been signed off by the Strategic Policy Unit. A copy of the grants-in-aid advert must be forwarded to Inter-Services Liaison within two working days after date of publication. No applications may be delivered to or be accepted by any Councillor. No late applications received in response to an advertisement may be considered and processed. All grants-in-aid applications received in response to the advertisement must be processed and be submitted to Council for consideration.
- 6.2 The CKDM may however consider grants-in-aid applications during a financial year, as and when these are received, and such applications shall also be processed in terms of this Policy. Such requests, being exceptions to the norm, shall be processed as adjustments to the approved operating budget as regulated by section 28 of the MFMA. All applications must be submitted by organizations or bodies using the standardized application form and business and project plan and need to include a valid Tax Clearance Certificate as well as an up to date municipal account with their application. The Tax Clearance Certificate must be valid upon the time when payment is affected. All applications and business and project plans must be fully and properly completed and must reflect the desired outcomes of the project. The CKDM reserves the right to fund an organization for two years or more in succession without creating any expectations as it is under no obligation to allocate Grants-in-aid. Notwithstanding the latter, all applications will be considered at Council's discretion.

- 6.3 The organization must also be up to date with its municipal account(s) by either settling any arrears or amounts outstanding in full or making the necessary payment arrangements, as agreed with and applied by the CKDM's Revenue Department, in terms of the CKDM's Credit Control and Debt Collection Policy, before a grants-in-aid application can be fully processed. Line Departments must verify all linked municipal accounts of such organizations.
- 6.4 The organization must also be up to date with any lease rental and services charges where it is leasing property from the CKDM before grants-in-aid shall be processed. No grants-in-aid funds shall be allocated to any organization if, apart from the need to comply with this Policy, it is precluded from carrying out the particular project, for which it requires grants-in-aid, on the property leased from the CKDM in terms of the lease agreement.
- 6.5 When there is a payment arrangement, Revenue: Debt Management monitors and takes appropriate action when there is a default on arrangements. Debt management is unaware of the benefit linked to the agreed arrangement, therefore the finance or project manager must monitor payments in order to ensure adherence to the MOA and the payment arrangement. The finance or project manager may communicate with Revenue: Debt Management to verify the information and to confirm the status of the arrangement.
- 6.6 The owner of a property that is leased to an organization applying for a grant-in-aid must be up to date with his/her municipal account before the grants-in-aid can be processed. The organization should also ascertain from the CKDM that it may, in terms of other relevant legislation and policies, utilize the property for the purpose for which it requires the grants-in-aid. The lease agreement with the lessor must also be taken into account in order to ensure the CKDM's funds are not paid over at risk should the lease agreement in any way serve to curtail an organization's ability to perform specifically as stipulated in the MOA entered into with the CKDM when accessing the grants-in-aid.

- 6.7 The CKDM is legally empowered and, in terms of its Debt Management and Credit Control Policy, to recover any arrear rates on the property by laying claim to the rental being paid by the organization to the owner. It may also cut off the electricity to the property and curtail the water supply to the property by utilizing various water demand management devices if the owner does not bring his/her municipal account up to date.
- 6.8 The minimum amount of any grants-in-aid allocation shall not be less than R15 000 per approved project or program in a particular financial year.
- 6.9 A copy of the latest audited, annual financial statements of the organization where the grants-in-aid amount applied for exceeds R50 000. Where the amount of the grants-in-aid being applied for is R50 000 or less, the organization is required to attach a copy of its Income and Expenditure Statement for its previous Financial year as tabled at its AGM and signed by the chairperson or other relevant official or member of the organization together with a copy of the minutes of the relevant AGM. Council reserves the right to call for audited financial statements of organizations irrespective of the amount of Grant-In-Aid applied for.
- 6.10 A grants-in-aid shall only be paid over to an organization after all of the above has been complied with, Council has approved the grants-in-aid and the MOA has been signed.
- 6.11 Approved grants-in-aid may be paid over as a single payment or in tranches as determined or required dependent upon the nature and/or progress of the project. The disbursement of the grants-in-aid, by way of progress payments, must be arranged, in advance, with the Expenditure Department (Accounts Payable), by the project manager. The full amount of the approved grants-in-aid must be disbursed in the financial year that co-insides with the relevant approved budgets.
- 6.12 Unexpended grants-in-aid funds, as reflected on the operating budgets of line departments, in any financial year, may not be carried over into any ensuing financial year.

- 6.13 All organizations or bodies making application for grants-in-aid must register as vendors on the CKDM's SAP Vendor Data Base in terms of the CKDM's SCM policy and procedures. Such SCM vendor registration process includes the submission of an original and up to date tax clearance certificate issued by SARS. A vendor who is registered for VAT purposes must also submit a zero rated tax invoice when applying for registration as a vendor on the SCM database.
- 6.14 The organization or body shall commence the project within 2 (two) months after the grants-in-aid funds are deposited into its bank account by EFT and to finalize the project within six months in the new Financial Year, failing, which all such grants-in-aid funds must immediately be refunded to the CKDM together with any interest that may have accrued thereon in terms of clause 8.8 of the MOA. The MOA will be cancelled in terms of clause 18 thereof and the grants-in-aid, together with any accrued interest, shall be immediately repaid to the CKDM. Should this not occur within 30 calendar days of the organization receiving a written notice from the CKDM, the project manager shall refer the matter, together with all the relevant details as in terms of the Recovery Process per the Standing Operating Procedures. Line Departments should advertise earlier to identify valid recipients in order to pay over the grants-in-aid funding as soon as possible.
- 6.15 The CKDM may consider granting extension to the beneficiary if it is unable to commence the project within the 2 (two) months after receipt of the grants-in-aid funds as required in terms of paragraph 6.13 but such extension shall only be considered in the event of exceptional circumstances that were caused or created through no fault of the beneficiary who must submit a complete written motivation when requesting extension.

7. UTILIZATION OF GRANTS-IN-AID – CONTROL, MONITORING, REPORTING

AND RECOVERY OF GRANTS-IN-AID FUNDS AND ASSETS:

7.1 Reports to the Committee:

- 7.1.1 Inter-Services Liaison shall prepare monthly status reports on grants-in-aid made by sub-councils. Such reports shall be submitted to the Committee for information and/or action where relevant.
- 7.1.2 Monthly status reports in respect of line department grants-in-aid, allocated in terms of this Policy, shall be compiled by the relevant project and Directorate's finance manager and signed by the Senior Manager of the relevant Line Department and be submitted to the Inter-services Liaison for tabling at the Committee's meeting.
- 7.1.3 Beneficiaries shall comply with all reporting, financial management and auditing requirements as stipulated in the MOA;
- 7.1.4 Beneficiaries must implement effective, efficient and transparent financial management as well as internal control systems to guard against financial misconduct;
- 7.1.5 Beneficiaries must promptly, or no longer than 6 months after the end of their financial year, submit their audited financial statements (where applicable) to the project manager.

7.2 Reports to Portfolio Committees, Sub-councils, MAYCO and Council:

- 7.2.1 Recipients of grants-in-aid allocations must report to the line department on a monthly basis regarding their expenditure. Project managers shall submit quarterly reports, in terms of section 67(i) (a) (iii) to the Accounting Officer for information on the status or progress of projects and programs and the targets and outputs of all projects carried out with grants-in-aid funding allocated in terms of this Policy or with funding

allocated in terms of paragraph 3.7.3 above using specific delivery agreements.

7.2.2 On completion of such projects the project manager shall compile a report and the directorate's financial manager will sign off the report verifying that the financial details are correct before submitting to Council confirming that the project was successfully completed, that the outputs or targets, as originally submitted and as set out in the business and project plan, were effectively realized and achieved and that all the grants-in-aid funds were utilized. This final report will also confirm whether some of the grants-in-aid funds were not utilized by the organization and such unutilized amounts, together with any interest thereon, where applicable, shall be or have been recovered by the project manager as provided for in clause 8.6 of the MOA.

7.2.3 Recipients of grants-in-aid allocations must provide details of all assets and inventory items acquired with grants-in-aid funds. The project manager must keep an inventory record of such items and annually, for a period of 3 years, confirm in writing with the organization that the items are still being utilized by the organization for the purpose acquired; and,

7.2.4 Return to the CKDM any assets acquired with grants-in-aid funds upon dissolution of operations at Council's discretion. The relevant project manager must account for these assets until written off in the formal disposal procedures of the CKDM in terms of paragraph 358 of the SCM policy.

7.3 Auditor General's Office:

7.3.1 Project managers shall complete the Certificate to the Auditor-General template, and submit same to the Auditor General's Office in terms of Section 67(4) (b) (ii) of the MFMA and a copy to ISL who will monitor compliance.

- 7.3.2 The above must be submitted to the office of the Auditor-General within 21 days after Council approval.

8. APPLICABLE LEGISLATION

- 8.1 Constitution of the Republic of South Africa;
- 8.2 Local Government: Municipal Finance Management Act, 56 of 2003;
- 8.3 Local Government: Municipal Systems Act, 32 of 2000;
- 8.4 Children's Amendment Act, 47 of 2007;
- 8.5 Companies Act, 71 of 2008 (as amended);
- 8.6 SA Schools Act, 84 of 1996;
- 8.7 VAT Act, 89 of 1991;
- 8.8 Income Tax Act, 58 of 1962;
- 8.9 Non-Profit Organizations Act, 71 of 1997;
- 8.10 Code of Conduct for Councillors.

9. IMPLEMENTATION OF POLICY

- 9.1 This policy will be implemented when approved by Council.



CENTRAL KAROO DISTRICT MUNICIPALITY

INFRASTRUCTURE PROCUREMENT POLICY

2022/2023

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1. SCOPE

- 1.1 This is the *Central Karoo District Municipality* policy for infrastructure procurement and delivery management in accordance with the provisions of the regulatory frameworks for procurement and supply chain management.
- 1.2 The scope includes the procurement of goods and services necessary for a new facility to be occupied and used as a functional entity but excludes:
- a) the storage of goods and equipment following their delivery to *the Central Karoo District Municipality* which are stored and issued to contractors or to employees;
 - b) the disposal or letting of land;
 - c) the conclusion of any form of land availability agreement;
 - d) the leasing or rental of moveable assets; and
 - e) public private partnerships.
- 1.3 This policy is currently not applicable to the day-to-day operations of the CKDM due to the fact that we do not have major infrastructure contracts.

2. TERMS, DEFINITIONS AND ABBREVIATIONS

- 2.1 In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Municipal Finance Management Act, no 56 of 2003, has the same meaning as in the Act, and –
- 2.1.1 **“Accounting Officer”** in relation to a Municipality means the Municipal Manager as described in Section 60 of the Local Government: Municipal Finance Management Act, no 56 of 2003 as well as Section 82 of the Municipal Structures Act, no 117 of 1998;
- 2.1.2 **“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 services, works or goods;

2.1.3	“Close Family Member”	means: (a) spouse; (b) child; (c) parent.
2.1.4	“Close Members of the Family for GRAP Disclosure”	means those family members who may be expected to influence or be influenced by that person in their dealings with the entity. As a minimum, a person is considered to be a close member of the family of another person if they: (a) are married or live together in a relationship similar to a marriage; or (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.
2.1.5	“Competitive Bidding Process”	means a competitive bidding process referred to in this Policy;
2.1.6	“Competitive Bid”	means a bid in terms of a competitive bidding process;
2.1.7	“Consultants”	means consulting firms, engineering firms, legal firms, construction managers, management firms, procurement agents, inspection agents, auditors, other multinational organizations, investments and merchant banks, universities, research agencies, government agencies, non-governmental (NGO's) and individuals;
2.1.8	“Emergency”	means a serious, unexpected, unforeseen and potentially dangerous and damaging situation requiring immediate action and which is not due to a lack of planning;
2.1.9	“Exceptional Case”	means unusual not typical circumstances where it

is impractical or impossible in practice to follow procurement processes;

- 2.1.10 **“Final Award”** in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;
- 2.1.11 **“Formal Written Price Quotation”** means quotations referred to in this Policy;
- 2.1.12 **“Head of Department”** means a person in the employment of Central Karoo District municipality who heads a department or who reports to the Municipal Manager;
- 2.1.13 **“In the Service of the State”** means to be:
- (a) a member of –
 - any municipal council;
 - any provincial legislature; or
 - the National Assembly or the National Council of Provinces.
 - (b) a member of the board of directors of any municipal entity;
 - (c) an official of any municipality or municipal entity;
 - (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
 - (e) a member of the accounting authority of any national or provincial public entity; or
 - (f) an employee of Parliament or a provincial legislature.

- 2.1.14 **“Irregular Expenditure”** For the purpose of this Policy means expenditure incurred by the municipality in contravention of, or that is not in accordance with, a requirement of the Supply Chain Management Policy of the municipality, and which is not been condoned in terms of the Policy;
- 2.1.15 **“Long Term Contract”** means a contract with a duration period exceeding one year;
- 2.1.16 **“List of Accredited Prospective Providers”** means the list of accredited prospective providers which the municipality must keep in terms of this policy;
- 2.1.17 **“Municipality”** means Central Karoo District Municipality;
- 2.1.18 **“Municipal Systems Act”** means the Local Government: Municipal System Act 32 of 2000;
- 2.1.19 **“Notice Boards”** means the official notice boards at the municipal offices, libraries and any notice boards at the dedicated directorates;
- 2.1.20 **“Other Applicable Legislation”** means any other legislation applicable to municipal supply chain management, including:
- (a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
 - (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
 - (c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);
 - (d) the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
 - (e) the Local Government: Municipal Systems

Act, 2000 (Act No 32 of 2000);

(f) the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

(g) the Prevention and Combating of Corrupt Activities Act, 2000 (Act No. 12 of 2004);

(h) the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003): Municipal Supply Chain Management Regulations;

(i) the Preferential Procurement Regulations, 2011.

2.1.21	“Quotation”	means a stated price that a supplier expects to receive for the provision of specified services, works or goods;
2.1.22	“Sole Supplier”	means the only supplier in the South African market that can provide a particular product or service;
2.1.23	“Tender”	means ‘bid’ or ‘quotation’ in relation to ‘Tender Box’;
2.1.24	“Treasury Guidelines”	means any guidelines on supply chain management issued by the Minister in terms of Section 168 of the Act;
2.1.25	“CIDB”	Construction Industry Development Board;
2.1.26	“SARS”	South African Revenue Services.

3. GENERAL REQUIREMENTS

3.1 Delegations:

3.1.1 The Council of the Central Karoo District Municipality hereby delegates all powers and duties to the Municipal Manager which are necessary to enable the Municipal Manager to:

- a) discharge the supply chain management responsibilities conferred on Accounting Officers in terms of Chapter 8 of the Local Government Municipal Finance Management Act of 2003 and this document;
- b) maximise administrative and operational efficiency in the implementation of this document;
- c) enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
- d) comply with his or her responsibilities in terms of Section 115 and other applicable provisions of the Local Government Municipal Finance Management Act of 2003 Act.

3.1.2 No departure shall be made from the provisions of this Policy without the approval of the Municipal Manager of the Central Karoo District Municipality.

3.1.3 The Municipal Manager shall for oversight purposes:

- a) within 30 days of the end of each financial year, submit a report on the implementation of this Policy, to the Council of the Central Karoo District Municipality;
- b) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the Council;
- c) within 10 days of the end of each quarter, submit a report on the implementation of the Policy to the Executive Mayor; and
- d) make the reports public in accordance with Section 21A of the Municipal Systems Act of 2000.

3.2 Implementation of the Standard for Infrastructure Procurement and Delivery Management:

- 3.2.1 Infrastructure procurement and delivery management shall be undertaken in accordance with all applicable legislation and the relevant requirements of the latest edition of the National Treasury Standard for Infrastructure Procurement and Delivery Management.

3.3 Supervision of the Infrastructure Delivery Management Unit:

- 3.3.1 The Infrastructure Delivery Management Unit shall be directly supervised by the Chief Financial Officer as delegated in terms of Section 82 of the MFMA.

3.4 Objections and Complaints:

- 3.4.1 Persons aggrieved by decisions or actions taken in the implementation of this Policy, may lodge within 21 days of the decision or action, a written objection or complaint against the decision or action.

3.5 Resolution of Dispute, Objections, Complaints and Queries:

- 3.5.1 The Accounting Officer shall appoint an independent and impartial person, not directly involved in the infrastructure delivery management processes to assist in the resolution of disputes between the and other persons regarding:
- a) any decisions or actions taken in the implementation of the supply chain management system;
 - b) any matter arising from a contract awarded within the Central Karoo District Municipality's infrastructure delivery management system; or
 - c) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- 3.5.2 The designated person shall assist the person appointed in terms of 3.5.1 to perform his or her functions effectively.

3.5.3 The person appointed in terms of 3.5.1 shall:

- a) strive to resolve promptly all disputes, objections, complaints or queries received; and
- b) submit monthly reports to the Municipal Manager on all disputes, objections, complaints or queries received, attended to or resolved.

3.5.4 A dispute, objection, complaint or query may be referred to the Provincial Treasury if:

- a) the dispute, objection, complaint or query is not resolved within 60 days; or
- b) no response is forthcoming within 60 days.

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

4. CONTROL FRAMEWORK FOR INFRASTRUCTURE DELIVERY MANAGEMENT

4.1 Assignment of Responsibilities for Approving or Accepting End of Stage Deliverables:

4.1.1 The responsibilities for approving or accepting end of stage deliverables shall be as stated in Table 1.

4.2 Gateway Reviews:

4.2.1 Gateway reviews for major capital projects above a threshold.

- a) The Municipal Manager shall appoint a gateway review team to undertake gateway reviews for major capital projects.
- b) The requirements for a gateway review are as follows:

Table 1: Responsibility for approving or accepting end of stage deliverables in the control framework for the management of infrastructure delivery

Stage			Person assigned the responsibility for approving or accepting end of stage deliverables
No	Name		
0	Project Initiation		The Head of Department: Engineering Services or the Sub-Delegated official accepts the initiation report
1	Infrastructure Planning		<i>The Head of Department: Engineering Services or the Sub-Delegated official</i> approves the infrastructure plan
2	Strategic Resourcing		<i>The Head of Department: Engineering Services or the Sub-Delegated official</i> approves the delivery and / or procurement strategy
3	Pre-feasibility		<i>The Sub-Delegated official</i> accepts the pre-feasibility report
	Preparation and Briefing		<i>The Sub-Delegated official</i> accepts the strategic brief
4	Feasibility		<i>The Sub-Delegated official</i> accepts the feasibility report
	Concept and Validity		<i>The Sub-Delegated official</i> accepts the concept report
5	Design Development		<i>The Sub-Delegated official</i> accepts the design development report
6	Design documentation	6A Production Information	<i>The Head of Department: Engineering Services</i> accepts the parts of the production information which are identified when the design development report is accepted as requiring acceptance
		6B Manufacture, fabrication and construction information	The contract manager accepts the manufacture, fabrication and construction information construction information
7	Works		The contract manager certifies completion of the works or the delivery of goods and associated services
8	Handover		The owner or end user accepts liability for the works
9	Package completion		The contract manager or supervising agent certifies the defects certificate in accordance with the provisions of the contract the contract manager certifies final completion in accordance with the provisions of the contract (<i>Designated person</i>) accepts the close out report

5. CONTROL FRAMEWORK FOR INFRASTRUCTURE PROCUREMENT

- 5.1 The responsibilities for taking the key actions associated with the formation and conclusion of contracts including framework agreements above the quotation threshold shall be as stated in Table 2.
- 5.2 The responsibilities for taking the key actions associated with the quotation procedure and the negotiation procedure where the value of the contract is less than the threshold set for the quotation procedure shall be as follows:
- a) The Bid Documentation Committee or the Manager: SCM shall grant approval for the issuing of the procurement documents, based on the contents of a documentation review report developed in accordance with the provisions of the standard;
 - b) The Bid Adjudication Committee may award the contract if satisfied with the recommendations contained in the evaluation report prepared in accordance with the provisions of the standard or alternatively make a recommendation to the Municipal Manager to award if the value exceeds R10 million.
- 5.3 The responsibilities for taking the key actions associated with the issuing of an order in terms of a framework agreement shall be as stated in Table 3.

6. INFRASTRUCTURE DELIVERY MANAGEMENT REQUIREMENTS

Institutional Arrangements

6.1 Committee System for Procurement:

6.1.1 General:

- a) A committee system comprising the Bid Documentation Committee, Bid Evaluation Committee and Bid Adjudication Committee shall be applied to all procurement procedures where the estimated value of the procurement exceeds the financial threshold for quotations and to the

- putting in place of framework agreements.
- b) The Bid Evaluation Committee shall, where competition for the issuing of an order amongst framework contractors takes place and the value of the order exceeds the financial threshold for quotations, evaluate the quotations received.
 - c) The persons appoint in writing as technical advisors and subject matter experts may attend any committee meeting.
 - d) No person who is a political officer bearer, a public office bearer including any Councillor of a municipality, a political advisor or a person appointed in terms of Section 12A of the Public Service Act of 1994 or who has a conflict of interest shall be appointed to a Bid Documentation, Bid Evaluation or Bid Adjudication Committee.
 - e) Committee decisions shall as far as possible be based on the consensus principle i.e. the general agreement characterised by the lack of sustained opposition to substantial issues. Committees shall record their decisions in writing. Such decisions shall be kept in a secured environment for a period of not less than five years after the completion or cancellation of the contract unless otherwise determined in terms of the National Archives and Record Services Act of 1996.
 - f) Committees may make decisions at meetings or, subject to the committee chairperson's approval, on the basis of responses to documents circulated to committee members provided that not less than sixty percent of the members are present or respond to the request for responses. Where the committee chairperson is absent from the meeting, the members of the committee who are present shall elect a chairperson from one of them to preside at the meeting.

6.1.2 Bid Documentation Committee:

- a) The Municipal Manager shall appoint in writing on a procurement by procurement basis:
 - the persons to review the procurement documents and to develop a procurement documentation review report; and
 - the members of the Bid Documentation Committee.
- b) The Bid Documentation Committee shall comprise one or more persons.
- c) The chairperson shall be an employee of the Central Karoo District Municipality with requisite skills.
- d) Other members shall, where relevant, include a representative of the end user or the department requiring infrastructure delivery.
- e) No member of, or technical adviser or subject matter expert who participates in the work of the any of the procurement committees or a family member or associate of such a member, may tender for any work associated with the tender which is considered by these committees.

Table 2: Procurement Activities and Gates Associated with the Formation and Conclusion of Contracts Above the Quotation Threshold

<u>Activity</u>		<u>Sub-Activity</u> (see Table 3 of the Standard)		<u>Key Action</u>	<u>Person assigned responsibility to perform key action</u>
1.	Establish what is to be procured	1.3 PG1	Obtain permission to start with the procurement process	Make a decision to proceed / not to proceed with the procurement based on the broad scope of work and the financial estimates.	[designated person e.g. project director or programme manager]

<u>Activity</u>	<u>Sub-Activity</u> (see Table 3 of the Standard)	<u>Key Action</u>	<u>Person assigned responsibility to perform key action</u>	<u>Activity</u>	<u>Sub-Activity</u> (see Table 3 of the Standard)
2.	Decide on procurement strategy	2.5 PG2	Obtain approval for procurement strategies that are to be adopted including specific approvals to approach a confined market or the use of the negotiation procedure	Confirm selection of strategies so that tender offers can be solicited	[designated person e.g. project director]
3.	Solicit tender offers	3.2 PG3	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents	Bid Specification Committee
		3.3 PG4	Confirm that budgets are in place	Confirm that finance is available for the procurement to take place	[designated person e.g. programme or financial manager]
4.	Evaluate tender offers	4.2 PG5	Obtain authorisation to proceed with next phase of tender process in the qualified, proposal or competitive negotiations procedure	Review evaluation report, ratify recommendations and authorise progression to the next stage of the tender process	[designated person]
		4.7 PG6	Confirm recommendations contained in the tender evaluation report	Review recommendations of the Bid Evaluation Committee and refer back to Bid Evaluation Committee for reconsideration or make recommendation for award	Bid Adjudication Committee

5.	Award contract	5.3 PG7	Award contract	Formally accept the tender offer in writing and issue the contractor with a signed copy of the contract	<i>[authorised person]</i>
		5.5 GF1	Upload data in financial management and payment system	Verify data and upload contractor's particulars and data associated with the contract or order	<i>[designated person]</i>
		6.4 PG8A	Obtain approval to waive penalties or low performance damages.	Approve waiver of penalties or low performance damages	<i>[designated person]</i>
		6.5 PG8B	Obtain approval to notify and refer a dispute to an adjudicator	Grant permission for the referral of a dispute to an adjudicator or for final settlement to an arbitrator or court of law	<i>[designated person]</i>
6.	Administer contracts and confirm compliance requirements	6.6 PG8C	Obtain approval to increase the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at the award of a contract or the issuing of an order up to a specified percentage	Approve amount of time and cost overruns up to the threshold	<i>[designated person or designated persons]</i>

		6.7 PG8D	Obtain approval to exceed the total of prices, excluding contingencies and price adjustment for at award of an inflation, or the time for completion contract or the issuing of an order 20% and 30%, respectively by more than	Approve amount of time and cost overruns above the threshold	<i>[municipal manager or chief executive or, depending upon the value, an appropriately delegated authority]</i>
		6.8 PG8E	Obtain approval to cancel or terminate a contract	Approve amount	<i>[authorised person]</i>
		6.9 PG8F	Obtain approval to amend a contract	Approve proposed amendment to contract	<i>[authorised person]</i>

6.1.3 Bid Evaluation Committee:

- a) The Municipal Manager shall appoint in writing:
 - the persons to prepare the evaluation and, where applicable, the quality evaluations; and
 - the members of the Bid Evaluation Committee.
- b) The Bid Evaluation Committee shall comprise not less than three people. The chairperson shall be an employee of the Central Karoo District Municipality with requisite skills. Other members shall include a supply chain management practitioner and, where relevant, include an official from the department requiring infrastructure delivery.
- c) The Bid Evaluation Committee shall review the evaluation reports and as a minimum verify the following in respect of the recommended

tenderer:

- the capability and capacity of a tenderer to perform the contract;
 - the tenderer's tax and municipal rates and taxes compliance status;
 - confirm that the tenderer's municipal rates and taxes and municipal service charges are not in arrears;
 - the Compulsory Declaration has been completed; and
 - the tenderer is not listed in the National Treasury's Register for Tender Defaulters or the List of Restricted Suppliers.
- d) No tender submitted by a member of, or technical adviser or subject matter expert who participates in the work of the Bid Documentation Committee or a family member or associate of such a member, may be considered by the Bid Evaluation Committee.
- e) The chairperson of the Bid Evaluation Committee shall promptly notify the Municipal Manager of any respondent or tenderer who is disqualified for having engaged in fraudulent or corrupt practices during the tender process.

6.1.4 Bid Adjudication Committee:

- a) The Bid Adjudication Committee must consist of at least four senior managers of the municipality which must include:
- the Chief Financial Officer or, if the Chief Financial Officer is not available, another manager in the budget and treasury office reporting directly to the Chief Financial Officer and designated by the Chief Financial Officer; and
 - at least one senior supply chain management practitioner who is an official of the municipality; and
 - a technical expert in the relevant field who is an official, if such an expert exists.
- b) The Accounting Officer must appoint the chairperson of the committee.

If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

- c) No member of the Bid Evaluation Committee may serve on the Bid Adjudication Committee. A member of a Bid Evaluation Committee may, however, participate in the deliberations of a Bid Adjudication Committee as a technical advisor or a subject matter expert.
- d) The Bid Adjudication Committee shall:
 - consider the report and recommendations of the Bid Evaluation Committee and:
 - verify that the procurement process which was followed complies with the provisions of this document;
 - confirm that the report is complete and addresses all considerations necessary to make a recommendation;
 - confirm the validity and reasonableness of reasons provided for the elimination of tenderers; and
 - consider commercial risks and identify any risks that have been overlooked or fall outside of the scope of the report which warrant investigation prior to taking a final decision; and
 - refer the report back to the Bid Evaluation Committee for their reconsideration or make a recommendation to the authorised person on the award of a tender, with or without conditions, together with reasons for such recommendation.
- e) The Bid Adjudication Committee shall consider proposals regarding the cancellation, amendment, extension or transfer of contracts that have been awarded and make a recommendation to the authorised person on the course of action which should be taken.

- f) The Bid Adjudication Committee shall consider the merits of an unsolicited offer and make a recommendation to the municipal manager or chief executive.
- g) The Bid Adjudication Committee shall report to The Municipal Manager any recommendation made to award a contract to a tenderer other than the tenderer recommended by the Bid Evaluation Committee, giving reasons for making such a recommendation.
- h) The Bid Adjudication Committee shall not make a recommendation for an award of a contract or order if the recommended tenderer or framework contractor has:
- made a misrepresentation or submitted false documents in competing for the contract or order; or
 - been convicted of a corrupt or fraudulent act in competing for any contract during the past five years.
- i) The Bid Adjudication Committee may on justifiable grounds and after following due process, disregard the submission of any tenderer if that tenderer or any of its directors, members or trustees or partners has abused the delivery management system or has committed fraud, corruption or any other improper Conduct in relation to such system. The National Treasury and the Provincial Treasury shall be informed where such tenderers are disregarded.

6.2 Actions of Authorised Person Relating to the Award of a Contract or an Order:

6.2.1 Award of a Contract:

- a) The Municipal Manager shall, if the value of the contract inclusive of VAT, is within his or her delegation, consider the report(s) and recommendations of the Bid Adjudication Committee and either:
- award the contract after confirming that the report is complete and addresses all considerations necessary to make a recommendation and budgetary provisions are in place; or
 - decide not to proceed or to start afresh with the process.
- b) The Municipal Manager shall immediately notify the Bid Adjudication if a tender other than the recommended tender is awarded, save where the recommendation is changed to rectify an irregularity. Such person shall, within 10 working days, notify in writing the Auditor-General, the National Treasury and the Provincial Treasury, and, in the case of a municipal entity, also the parent municipality, of the reasons for deviating from such recommendation.

6.2.2 Issuing of an Order:

- a) The Head of Department shall, if the value of an order issued in terms of a framework contract, is within his or her delegation, consider the recommendation of the Bid Evaluation Committee as relevant, and either:
- authorise the issuing of an order in accordance with the provisions of this Policy; or
 - decide not to proceed or to start afresh with the process.

6.3 Conduct of those Engaged in Infrastructure Delivery:

6.3.1 General Requirements:

a) All personnel and agents of the Central Karoo District Municipality shall comply with the requirements of the CIDB Code of Conduct for all Parties engaged in Construction Procurement. They shall:

- behave equitably, honestly and transparently;
- discharge duties and obligations timeously and with integrity;
- comply with all applicable legislation and associated regulations;
- satisfy all relevant requirements established in procurement documents;
- avoid conflicts of interest; and
- not maliciously or recklessly injure or attempt to injure the reputation of another party.

b) All personnel and agents engaged in Central Karoo District Municipality's infrastructure delivery management system shall:

- not perform any duties to unlawfully gain any form of compensation, payment or gratification from any person for themselves or a family member or an associate;
- perform their duties efficiently, effectively and with integrity and may not use their position for private gain or to improperly benefit another person;
- strive to be familiar with and abide by all statutory and other instructions applicable to their duties;
- furnish information in the course of their duties that is complete, true and fair and not intended to mislead;
- ensure that resources are administered responsibly;
- fair and impartial in the performance of their functions;
- at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual;

- not abuse the power vested in them;
- not place themselves under any financial or other obligation to external individuals or firms that might seek to influence them in the performance of their duties;
- assist the Central Karoo District Municipality in combating corruption and fraud within the infrastructure procurement and delivery management system;
- not disclose information obtained in connection with a project except when necessary to carry out assigned duties;
- not make false or misleading entries in reports or accounting systems; and keep matters of a confidential nature in their possession confidential unless legislation, the performance of duty or the provision of the law require otherwise.

- c) An employee or agent may not amend or tamper with any submission, tender or contract in any manner whatsoever.

6.3.2 Conflicts of Interest:

- a) The employees and agents of the Central Karoo District Municipality who are connected in any way to procurement and delivery management activities which are subject to this Policy, shall:
- disclose in writing to the employee of the Central Karoo District Municipality to whom they report, or to the person responsible for managing their contract, if they have, or a family member or associate has, any conflicts of interest; and
 - not participate in any activities that might lead to the disclosure of the Central Karoo District Municipality proprietary information.

- b) The employees and agents of the Central Karoo District Municipality shall declare and address any perceived or known conflict of interest, indicating the nature of such conflict to whoever is responsible for overseeing the procurement process at the start of any deliberations relating to a procurement process or as soon as they become aware of such conflict, and abstain from any decisions where such conflict exists or recuse themselves from the procurement process, as appropriate.
- c) Agents who prepare a part of a procurement document may in exceptional circumstances, where it is in the Central Karoo District Municipality's interest to do so, submit a tender for work associated with such documents provided that:
- the Central Karoo District Municipality states in the tender data that such an agent is a potential tenderer;
 - all the information which was made available to, and the advice provided by that agent which is relevant to the tender, is equally made available to all potential tenderers upon request, if not already included in the scope of work; and
 - the Bid Documentation Committee is satisfied that the procurement document is objective and unbiased having regard to the role and recommendations of that agent.

6.3.3 Evaluation of Submissions Received from Respondents and Tenderers:

- a) The confidentiality of the outcome of the processes associated with the calling for expressions of interest, quotations or tenders shall be preserved. Those engaged in the evaluation process shall:
- not have any conflict between their duties as an employee or an agent and their private interest;
 - may not be influenced by a gift or consideration (including acceptance of hospitality) to show favour or disfavour to any person;
 - deal with respondents and tenderers in an equitable and even-handed manner at all times; and

- not use any confidential information obtained for personal gain and may not discuss with, or disclose to outsiders, prices which have been quoted or charged to the Central Karoo District Municipality.
- b) The evaluation process shall be free of conflicts of interest and any perception of bias. Any connections between the employees and agents of the Central Karoo District Municipality and a tenderer or respondent shall be disclosed and recorded in the tender evaluation report.
- c) the Central Karoo District Municipality personnel and their agents shall immediately withdraw from participating in any manner whatsoever in a procurement process in which they, or any close family member, partner or associate, has any private or business interest.

6.3.4 Non-Disclosure Agreements:

- a) Confidentiality agreements in the form of non-disclosure agreements shall, where appropriate, be entered into with agents and potential contractors to protect the Central Karoo District Municipality's confidential information and interests.

6.3.5 Gratifications, Hospitality and Gifts:

- a) The employees and agents of the Central Karoo District Municipality shall not, directly or indirectly, accept or agree or offer to accept any gratification from any other person including a commission, whether for the benefit of themselves or for the benefit of another person, as an inducement to improperly influence in any way a procurement process, procedure or decision.

- b) The employees and agents of the Central Karoo District Municipality as well as their family members or associates shall not receive any of the following from any tenderer, respondent or contractor or any potential contractor:
- money, loans, equity, personal favours, benefits or services;
 - overseas trips; or
 - any gifts or hospitality irrespective of value from tenderers or respondents prior to the conclusion of the processes associated with a call for an expression of interest or a tender.
- c) The employees and agents of the Central Karoo District Municipality shall not purchase any items at artificially low prices from any tenderer, respondent or contractor or any potential contractor at artificially low prices which are not available to the public.
- d) All employees and agents of the Central Karoo District Municipality may for the purpose of fostering inter-personal business relations accept the following:
- meals and entertainment, but excluding the cost of transport and accommodation;
 - promotional material of small intrinsic value such as pens, paper-knives, diaries, calendars, etc.;
 - incidental business hospitality such as business lunches or dinners, which the employee is prepared to reciprocate;
 - complimentary tickets to sports meetings and other public events, but excluding the cost of transport and accommodation, provided that such tickets are not of a recurrent nature.
- e) Gifts listed in a) to d) or gifts in kind which have an intrinsic value greater than R350 may not be accepted.

- f) Under no circumstances shall gifts be accepted from prospective contractors during the evaluation of calls for expressions of interest, quotations or tenders that could be perceived as undue and improper influence of such processes.
- g) Employees and agents of the Central Karoo District Municipality shall without delay report to the Municipal Manager any incidences of a respondent, tenderer or contractor who directly or indirectly offers a gratification to them or any other person to improperly influence in any way a procurement process, procedure or decision.

6.3.6 *Reporting of Breaches:*

- a) Employees and agents of the Central Karoo District Municipality shall promptly report to the Municipal Manager any alleged improper conduct which they may become aware of, including any alleged fraud or corruption.

6.4 *Measures to Prevent Abuse of the Infrastructure Delivery System:*

6.4.1 The Municipal Manager shall investigate all allegations of corruption, improper conduct or failure to comply with the requirements of this Policy against an employee or an agent, a contractor or other role player and, where justified:

- a) take steps against an employee or role player and inform the National Treasury and the Provincial Treasury of those steps;
- b) report to the South African Police Service any conduct that may constitute a criminal offence;
- c) lodge complaints with the Construction Industry Development Board or

any other relevant statutory Council where a breach of such Council's code of conduct or rules of conduct are considered to have been breached; cancel a contract if:

- it comes to light that the contractor has made a misrepresentation, submitted falsified documents or has been convicted of a corrupt or fraudulent act in competing for a particular contract or during the execution of that contract; or
- an employee or other role player committed any corrupt or fraudulent act during the tender process or during the execution of that contract.

6.5 Awards to Persons in the Service of the State:

6.5.1 Any submissions made by a respondent or tenderer who declares in the Compulsory Declaration that a principal is one of the following shall be rejected:

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

6.5.2 The notes to the annual financial statements of the municipality / municipal entity shall disclose particulars of an award of more than R 2000 to a person who is a family member of a person identified in 6.5 or who has been in the previous 12 months. Such notes shall include the name of the person, the capacity in which such person served and the amount of the award.

6.6 Collusive Tendering:

6.6.1 Any submissions made by a respondent or tenderer who fails to declare in the Compulsory Declaration that the tendering entity:

- a) is not associated, linked or involved with any other tendering entity submitting tender offers; or
- b) has not engaged in any prohibited restrictive horizontal practices including consultation, communication, agreement, or arrangement with any competing or potential tendering entity regarding prices, geographical areas in which goods and services will be rendered, approaches to determining prices or pricing parameters, intentions to submit a tender or not, the content of the submission (specification, timing, conditions of contract etc.) or intention to not win a tender shall be rejected.

6.7 Placing of Contractors Under Restriction:

6.7.1 If any tenderer which has submitted a tender offer or a contractor which has concluded a contract has, as relevant:

- a) withdrawn such tender or quotation after the advertised closing date and time for the receipt of submissions;
- b) after having been notified of the acceptance of his tender, failed or refused to commence the contract;
- c) had their contract terminated for reasons within their control without reasonable cause;
- d) offered, promised or given a bribe in relation to the obtaining or the execution of such contract;
- e) acted in a fraudulent, collusive or anti-competitive or improper manner or in bad faith towards the Central Karoo District Municipality; or
- f) made any incorrect statement in any affidavit or declaration with regard

to a preference claimed and is unable to prove to the satisfaction of the Central Karoo District Municipality that the statement was made in good faith or reasonable steps were taken to confirm the correctness of the statements.

6.7.2 The Manager SCM shall prepare a report on the matter and make a recommendation to The Municipal Manager for placing the contractor or any of its principals under restrictions from doing business with the Central Karoo District Municipality.

6.7.3 The Municipal Manager may, as appropriate, upon the receipt of a recommendation made in terms of 6.7 and after notifying the contractor of such intention in writing and giving written reasons for such action, suspend a contractor or any principal of that contractor from submitting a tender offer to the municipality or municipal entity for a period of time.

6.7.4 The Manager SCM shall:

- a) record the names of those placed under restrictions in an internal register which shall be accessible to employees and agents of the Central Karoo District Municipality who are engaged in procurement processes; and
- b) notify the National Treasury and the Provincial Treasury and, if relevant, the Construction Industry Development Board, of such decision and provide them with the details associated therewith.

6.8 Complaints:

6.8.1 All complaints regarding the Central Karoo District Municipality's infrastructure delivery management system shall be addressed to the Municipal Manager. Such complaints shall be in writing.

6.8.2 The Chief Financial Officer shall investigate all complaints regarding the infrastructure procurement and delivery management system and report on actions taken to the Municipal Manager who will decide on what action to take.

Acquisition Management

6.9 **Unsolicited Proposal:**

6.9.1 The Central Karoo District Municipality is not obliged to consider unsolicited offers received outside a normal procurement process but may consider such an offer only if:

- a) the goods, services or any combination thereof that is offered is a demonstrably or proven unique innovative concept;
- b) proof of ownership of design, manufacturing, intellectual property, copyright or any other proprietary right of ownership or entitlement is vested in the person who made the offer;
- c) the offer presents a value proposition which demonstrates a clear, measurable and foreseeable benefit for the Central Karoo District Municipality;
- d) the offer is in writing and clearly sets out the proposed cost;
- e) the person who made the offer is the sole provider of the goods or service; and
- f) the Municipal Manager finds the reasons for not going through a normal tender process to be sound.

6.9.2 The Municipal Manager may only accept an unsolicited offer and enter into a contract after considering the recommendations of the Bid Adjudication Committee if:

- a) the intention to consider an unsolicited proposal has been made known in accordance with Section 21A of the Municipal Systems Act of 2000 together with the reasons why such a proposal should not be open to other competitors, an explanation of the potential benefits for the [municipality or municipal entity] and an invitation to the public or other potential suppliers and providers to submit their comments within 30 days after the notice;
- b) the Central Karoo District Municipality' has obtained comments and recommendations on the offer from the National Treasury and the Provincial Treasury;

- c) the Bid Adjudication Committee meeting which makes recommendations to accept an unsolicited proposal was open to the public and took into account any public comments that were received and any comments and recommendations received from the National Treasury and the Provincial Treasury; and
- d) the provisions of 6.9.3 are complied with.

6.9.3 The Municipal Manager shall, within 7 working days after the decision to award the unsolicited offer is taken, submit the reasons for rejecting or not following the recommendations to the National Treasury, the Provincial Treasury and Auditor-General. A contract shall in such circumstances not be entered into or signed within 30 days of such submission.

6.10 Tax and Rates Compliance:

6.10.1 SARS Tax Clearance:

- a) No contract may be awarded or an order issued where the value of such transaction exceeds R30 000, unless a tenderer or contractor is in possession of an original valid Tax Clearance Certificate issued by SARS provided that the tenderer is not domiciled in the Republic of South Africa and the SARS has confirmed that such a tenderer is not required to prove their tax compliance status.
- b) In the case of a partnership, each partner shall comply with the requirements of 6.10.1 (a).
- c) No payment shall be made to a contractor who does not satisfy the requirements of 6.10.1 (b). An employee of the Central Karoo District Municipality shall upon detecting that a tenderer or contractor is not tax compliant, immediately notify such person of such status.
- d) Notwithstanding the requirements of 6.10.1 (a) and 6.10.1 (c) the following shall apply, unless a person who is not tax compliant indicates to the designated person that it intends challenging its tax compliance status with SARS:

- a non-compliant contractor shall be issued with a first warning that payments in future amounts due in terms of the contract may be withheld, before the authorising of any payment due to such contractor;
 - before authorising a further payment due to a non-compliant contractor who has failed to remedy its tax compliance status after receiving a first warning, a second and final warning shall be issued to such contractor;
 - no payments may be released for any amounts due in terms of the contract due to a non-compliant contractor if, after a period of 30 calendar days have lapsed since the second warning was issued, the non-compliant contractor has failed to remedy its tax compliance status.
- e) The Central Karoo District Municipality may cancel a contract with a non-compliant contractor if such a contractor fails to remedy its tax compliance status after a period of 30 calendar days have lapsed since the second warning was issued in terms of 6.10.1 (d).

6.10.2 Municipal Rates and Taxes:

- a) No contract may be awarded to a tenderer who, of the principals of that tenderer, owes municipal rates and taxes or municipal service charges to any municipality or a municipal entity and are in arrears for more than 3 months;
- b) No award may be considered to a tenderer who, of the principals of that tenderer, owes municipal rates and taxes or municipal service charges to any municipality or a municipal entity and are outstanding for more than 30 days if the value of the award will exceed R 10 million.

6.11 Declarations of Interest:

- a) Tenders and respondents making submissions in response to an invitation to submit a tender or a call for an expression of interest, respectively shall declare in the Compulsory Declaration whether or not any of the principals
- are an employee of the Central Karoo District Municipality or in the employ of the state; or
 - have a family member or a business relation with a person who is in the employ of the state.

6.12 Invitations to Submit Expressions of Interest or Tender Offers:

- 6.12.1 All invitations to submit tenders where the estimated value of the contract exceeds R200 000 including VAT, except where a confined tender process is followed, and expressions of interest shall be advertised on the Central Karoo District Municipality's website and on the National Treasury eTender Publication Portal.³⁴ Advertisements shall be placed by the Manager SCM.
- 6.12.2 Advertisements relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000 shall in addition to the requirements of 6.12.1 be advertised on the CIDB website. Advertisements shall be placed by the Manager SCM.
- 6.12.3 Where deemed appropriate by the Chairperson of the Bid Documentation Committee or the Manager: SCM, an invitation to tender and a call for an expression of interest shall be advertised in suitable local and national newspapers and the Government Tender Bulletin as directed by such person. Advertisements shall be placed by the Manager: SCM.
- 6.12.4 Such advertisements shall be advertised for a period of at least 14 days before closure, except in urgent cases when the advertisement period may be shortened as determined by the Municipal Manager.

- 6.12.5 Invitations to submit expressions of interest or tender offers shall be issued not less than 10 working days before the closing date for tenders and at least 5 working days before any compulsory clarification meeting. Procurement documents shall be made available not less than 7 days before the closing time for submissions.

6.13 Publication of Submissions Received and the Award of Contracts:

- 6.13.1 The Manager: SCM shall publish within 10 working days of the closure of any advertised call for an expression of interest or an invitation to tender where the estimated value of the contract exceeds R200 000 including VAT on the municipality's or municipal entity's website, the names of all tenderers that made submissions to that advertisement, and if practical or applicable, the total of the prices and the preferences claimed. Such information shall remain on the website for at least 30 days.
- 6.13.2 The SCM Manager shall publish within 7 working days of the award of a contract the following on the Central Karoo District Municipality's website:
- a) the contract number;
 - b) contract title;
 - c) brief description of the goods, services or works;
 - d) the total of the prices, if practical;
 - e) the names of successful tenderers and their B-BBEE status level of contribution;
 - f) duration of the contract; and
 - g) brand names, if applicable.
- 6.13.3 The SCM Manager shall submit within 7 working days of the award of a contract the information required by National Treasury on the National Treasury e-Tender Publication Portal regarding the successful and unsuccessful tenders. Submissions shall be made by the SCM Manager.
- 6.13.4 The award of contracts relating to construction works which are subject to the

Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000 shall in addition to the requirements of 6.13.3 be notified on the CIDB website. The notification shall be made by placed by the SCM Manager.

6.14 Disposal Committee:

- 6.14.1 The Municipal Manager shall appoint in writing the members of the disposal committee to decide on how best to undertake disposals in accordance with the provisions of clause 10 of the standard.
- 6.14.2 The disposal panel shall comprise not less than three people. The chairperson shall be an employee of the Central Karoo District Municipality.
- 6.14.3 The disposal committee shall make recommendations to the Municipal Manager who shall approve the recommendations, refer the disposal strategy back to the disposal committee for their reconsideration, decide not to proceed or to start afresh with the process.

6.15 Reporting of Infrastructure Delivery Management Information:

- 6.15.1 The Manager: SCM shall submit any reports required in terms of the standard to the National Treasury or the Provincial Treasury.

7. INFRASTRUCTURE PROCUREMENT:

7.1 Usage of Procurement Procedures:

- 7.1.1 The Central Karoo District Municipality shall use all applicable Supply Chain Management / procurement administrative and compliance procedures that may be applicable to infrastructure procurement and delivery management.

7.2 Procurement Documents:

- 7.2.1 The Central Karoo District Municipality's preapproved templates for Part C1 (Agreements and contract data) of procurement documents shall be utilised to obviate the need for legal review prior to the awarding of a contract. All modifications to the standard templates shall be approved by the designated person prior to being issued for tender purposes.
- 7.2.2 Disputes arising from the performance of a contract shall be finally settled in a South African court of law.
- 7.2.3 The Municipal Declaration and returnable documents contained in the standard shall be included in all tenders for:
- a) consultancy services; and
 - b) goods and services or any combination thereof where the total of the prices is expected to exceed R10 m including VAT.

7.3 Developmental Procurement:

- 7.3.1 The primary beneficiaries will be included in the Preferential Procurement Policy and will include at least the following:
- 7.3.1.1 Local emerging contractors / service providers and suppliers from previously disadvantaged individuals/communities who will be assisted with targeted contract opportunities to propel them to new heights.
 - 7.3.1.2 Contractors must be registered with the CIDB to qualify for participation.

7.4 Payment of Contractors:

- 7.4.1 The Central Karoo District Municipality shall settle all undisputed accounts within 30 days of invoice or statement as provided for in the contract.

7.5 Approval to Utilise Specific Procurement Procedures:

7.5.1 Prior approval shall be obtained for the following procurement procedures from the following persons, unless such a procedure is already provided for in the approved procurement strategy:

- a) Municipal Manager shall authorise the use of the negotiated procedure above the thresholds provided in the standard.
- b) The Municipal Manager shall authorise the approaching of a confined market except where a rapid response is required in the presence of, or the imminent risk of, an extreme or emergency situation arising from the conditions set out in the standard and which can be dealt with or the risks relating thereto arrested within 48 hours; and
- c) the Bid Documentation Committee or Manager: SCM shall authorise the proposal procedure using the two-envelope system, the proposal procedure using the two-stage system or the competitive negotiations procedure.

7.5.2 The person authorised to pursue a negotiated procedure in an emergency is designated Head of Department.

7.6 Receipt and Safeguarding of Submissions:

7.6.1 A dedicated and clearly marked tender box shall be made available to receive all submissions made.

7.6.2 The tender box shall be fitted with two locks and the keys kept separately by two SCM Practitioners.

7.6.3 Such personnel shall be present when the box is opened on the stipulated closing date for submissions.

7.7 Opening of Submissions:

- 7.7.1 Submissions shall be opened by an opening panel comprising two people nominated by the Manager: SCM who have declared their interest or confirmed that they have no interest in the submissions that are to be opened.
- 7.7.2 The opening panel shall open the tender box at the stipulated closing time and:
- a) sort through the submissions and return those submissions to the box that are not yet due to be opened including those whose closing date has been extended;
 - b) return submissions unopened and suitably annotated where:
 - submissions are received late, unless otherwise permitted in terms of the submission data;
 - submissions were submitted by a method other than the stated method;
 - submissions were withdrawn in accordance with the procedures contained in SANS 10845-3; and
 - only one tender submission is received and it is decided not to open it and to call for fresh tender submissions.
 - c) record in the register submissions that were returned unopened;
 - d) open submissions if received in sealed envelopes and annotated with the required particulars and read out the name of and record in the register the name of the tenderer or respondent and, if relevant, the total of prices including VAT where this is possible;
 - e) record in the register the name of any submissions that is returned with the reasons for doing so;
 - f) record the names of the tenderer's representatives that attend the public opening;
 - g) sign the entries into the register; and

h) stamp each returnable document in each tender submission.

7.7.3 Each member of the opening panel shall initial the front cover of the submission and all pages be stamped;

7.7.4 Respondents and tenderers whose submissions are to be returned shall be afforded the opportunity to collect their submissions.

7.7.5 Submissions shall be safeguarded from the time of receipt until the conclusion of the procurement process.

7.8 Use of Another Organ of State's Framework Agreement:

7.8.1 The Central Karoo District Municipality may make use of another organ of state's framework contract which has been put in place by means of a competitive tender process and there are demonstrable benefits for doing so.

7.8.2 The Municipal Manager shall make the necessary application to that organ of state to do so.

7.9 Insurance:

7.9.1 Contractors shall be required to take out all insurances required in terms of the contract.

7.9.2 The insurance cover in engineering and construction contracts for loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract shall in general not be less than the value stated in Table 4, unless otherwise directed by the Municipal Manager.

7.9.3 Lateral earth support insurance in addition to such insurance shall be take out on a case by case basis.

Table 3: Minimum Insurance Cover

<u>Type of Insurance</u>	<u>Value</u>
Engineering and construction contracts - loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract.	Not less than R20 million
Professional services and service contracts - death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract or damage to property.	Not less than 10 million
Professional indemnity insurance.	<ul style="list-style-type: none"> • geotechnical, civil and structural engineering: R5,0 million; • electrical, mechanical and engineering: R3,0 million; • architectural: R5,0 million; • other: R3,0 million.

7.9.4 The insurance cover in professional services and service contracts for damage to property or death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract shall not be less than the value stated in Table 3 for any one event unless otherwise directed by the designated person.

7.9.5 SASRIA Special Risk Insurance in respect of riot and associated risk of damage to the works, Plant and Materials shall be taken out on all engineering and construction works.

7.9.6 Professional service appointments shall as a general rule be subject to proof of

current professional indemnity insurance being submitted by the contractor in an amount not less than the value stated in Table 4 in respect of each claim, without limit to the number of claims, unless otherwise directed by the in relation to the nature of the service that they provide.

7.9.7 The Central Karoo District Municipality shall take out professional indemnity insurance cover where it is deemed necessary to have such insurance at a level higher than the levels of insurance commonly carried by contractors.

7.9.8 Where payment is to be made in multiple currencies, either the contractor or the Central Karoo District Municipality should be required to take out forward cover. Alternatively, the prices for the imported content should be fixed as soon as possible after the starting date for the contract.

7.10 Written Reasons for Actions Taken:

7.10.1 Written reasons for actions taken shall be provided by a Project Manager.

7.10.2 The written reasons for actions taken shall be as brief as possible and shall as far as is possible, and where relevant, as to why a tenderer was not considered for the award of a contract or not awarded a contract shall be framed around the clauses in the:

- a) SANS 10845-3, Construction procurement - Part 3: Standard conditions of tender, and, giving rise to the reason why a respondent was not short listed, prequalified or admitted to a data base; or
- b) SANS 10845-4, Construction procurement - Part 4: Standard conditions for the calling for expressions of interest;

7.10.3 Requests for written reasons for actions taken need to be brief and to the point and may not divulge information which is not in the public interest or any information which is considered to prejudice the legitimate commercial interests of others or might prejudice fair competition between tenderers.

7.11 Request for Access to Information:

- 7.11.1 Should an application be received in terms of Promotion of Access to Information Act of 2000 (Act 2 of 2000), the “requestor” should be referred to the Central Karoo District Municipality’s Information Manual which establishes the procedures to be followed and the criteria that have to be met for the “requester” to request access to records in the possession or under the control of the Central Karoo District Municipality’s.
- 7.11.2 Access to technical and commercial information such as a comprehensive programme which links resources and prices to such programme should be refused as such information provides the order and timing of operations, provisions for time risk allowances and statements as to how the contractor plans to do the work which identifies principal equipment and other resources which he plans to use. Access to a bill of quantities and rates should be provided in terms of the Act.

8. IMPLEMENTATION OF POLICY

- 8.1 Implementation of this policy will be held in abeyance until such time as necessitated by the occurrence of infrastructure projects.