



CAPE TOWN STADIUM (RF) SOC LTD	
Policy	Cape Town Stadium (RF) SOC LTD Municipal Supply Chain Management Policy
Application	The Policy applies to the Directors and employees of the Cape Town Stadium who are part of the Supply Chain Management System.
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1. Definitions

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

“Direct purchase” means the procurement of goods and/or services whereby only one written quote is required to be obtained;

“city” means the Municipality of the City of Cape Town or any person(s) or committee delegated in the authority to act on its behalf;

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

“competitive bid” means a bid term of a competitive bidding process;

“days” means calendar days; which is any day of the week, including weekends and public holidays unless specifically stated ‘business days’

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

“Formal written price quotation” means quotations referred to in paragraph 12 (1) © of this Policy;

“Functionality” means the measurement according to predetermined norms, as set out in the tender documents, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a tenderer

“in the service of the state” means to be –

(a) a member of –

- i. any municipal council; or
- ii. any provincial legislature; or
- iii. the National Assembly or the National Council of Province;

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

(c) an official of any municipality or municipality entity;

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

(e) an executive member of the accounting authority of any national or provincial public entity; or

(f) and employee of Parliament or a provincial legislature;

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“long term contract” means a contract with a duration period exceeding one year;

“long term nature” means a transaction with a contract duration period exceeding the three years covered in the annual budget for that financial year;

“List of accredited prospective providers” means the list of accredited prospective providers which the Cape Town Stadium must keep in terms of paragraph 14 of this policy;

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

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

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

(c) the Construction Industry Development Board Act, 200 (Act No.38 of 2000);

“Petty Cash” means a relatively small amount of cash kept at hand for making immediate payments for miscellaneous small expenses;

“Petty Cash Float” means the total sum of Petty Cash which has been granted to a Petty Cash Officer;

“Petty Cash Officer” means an employee, made responsible for the day-to-day operating of the Petty Cash Float;

“Preferred Supplier” means a supplier appointed, as a sub-contractor, to render services directly to CTS clientele; and for the opportunity granted in terms of their appoint as a Preferred Supplier must pay the CTS an opportunity fee as contemplated in the applicable contract.

“Reconciliation” means the process of comparing information, for example, cash spent, compared with the relevant documentation and receipts;

“Senior Manager” means the Chief Executive Officer of the CTS appointed in terms of section 93J of the Municipal Systems Act and as well as the Senior Managers of the CTS reporting directly to the Chief Executive Officer.

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

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

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

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“**Useful Life**” means the estimate of the number of years the product is likely to remain in service;

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

2. Supply Chain Management Policy

- (1) All officials and other role players in the supply chain management system of the **Cape Town Stadium** must implement this Policy in a way that –
- (a) gives effect to-
 - (i) Section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
 - (b) Is fair, equitable, transparent, competitive and cost-effective;
 - (c) Complies with –
 - (i) the Regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
 - (d) is consistent with other applicable legislation;
 - (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
 - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector
- (2) The Cape Town Stadium must, in addition to complying with subparagraph (1), apply this Policy, to the extent as determined by the City of Cape Town (Parent municipality), in a way that is consistent with the supply chain management policy of the parent municipality.
- (3) **The Cape Town Stadium** may not act otherwise than in accordance with this Policy when –
- (a) Procures goods of services;
 - (b) Dispose of goods no longer needed; or
 - (c) Selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies

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- (4) This Policy, except where provided otherwise, does not apply in respect to the procurement of goods and services contemplated in section 110 (2) of the Act including –
- (a) Water from the Department of Water Affairs or public entity, another municipality or a municipal entity; and
 - (b) Electricity from Eskom or another public entity, another municipality or a municipal entity.

3. Fundamental Guidelines

- (1) The Chief Executive Officer must –
- (a) at least annually review the implementation of this Policy; and
 - (b) when the Chief Executive Officer considers it necessary, submit proposals for the amendment of this Policy to the **Board of Directors**.
- (2) If the Chief Executive Officer submits proposed amendments to the **Board of Directors** that differs from the model policy issued by the National Treasury, the Chief Executive officer must –
- (a) ensure that such proposed amendments comply with Regulations; and
 - (b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.
- (3) When amending this supply chain management policy, the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

4. Delegation of Supply Chain Management Powers and Duties

- (1) Subject to paragraph 5 below the **Board of directors** hereby delegates all powers and duties to the Chief Executive Officer which are necessary to enable the Chief Executive Officer –
- (a) To discharge the supply chain management responsibilities conferred on Chief Executive Officers in terms of –
 - (i) Chapter 8 or 10 of the Act; and
 - (ii) this Policy;
 - (b) to maximize administrative and operational efficiency in the implementation of this policy;

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- (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implantation of this Policy; and
 - (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- (2) Section 79 and 106 of the Act apply to the sub-delegation of powers and duties delegated to a Chief Executive Officer in terms of subparagraph (1).
- (3) The Chief Executive Officer may not sub-delegate any supply chain management powers or duties to a person who is not an official of the Cape Town Stadium/City of Cape Town or to a committee which is not exclusively composed of officials of the Cape Town Stadium/City of Cape Town;
- (4) This paragraph may not be read as permitted an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.
- (5) This section must be read in line with CTS Authorities Framework
- (6) In the event of compliance with or the implementation of any provision of this policy giving rise to an actual or potential conflict of interest between the Chief Executive officer and the Cape Town Stadium Board, the Board of Directors may delegate the powers and duties contemplated herein to the Chief Financial Officer of the Cape Town Stadium, in which case any reference herein to "Chief Executive" shall be deemed to be a reference to the Chief Financial Officer.

5. Sub-Delegations

- (1) The Chief Executive Officer may in terms of section 79 or 106 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the Chief Executive Officer in terms of this Policy, but any such sub-delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.
- (2) The power to make a final word –
- (a) above R10 million (VAT included) may not be sub-delegated by the Chief Executive Officer;
 - (b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated but only to-
 - (i) the Chief Financial Officer;
 - (ii) a senior manager; or

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- (iii) a bid adjudication committee of which the Chief Financial Officer of a senior manager is a member; or
 - (c) not exceeding R2 million (VAT included) may be sub-delegated but only to –
 - (i) the Chief financial officer;
 - (ii) a senior manager;
 - (iii) a manager directly accountable to the Chief Financial Officer or a senior manager; or
 - (iv) a bid adjudication committee.
- (3) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including-
 - (a) the amount of the award;
 - (b) the name of the person to whom the award was made; and
 - (c) the reason why the award was made to that person.
- (4) A written report referred to in subparagraph (3) must be submitted –
 - (a) to the Chief Executive Officer, in the case of an award by-
 - (i) to the chief financial officer;
 - (ii) a senior manager; or
 - (iii) a bid adjudication committee of which the Chief Financial Officer or a senior manager is a member; or
 - (b) to the Chief Financial Officer or the senior manager responsible for the relevant bid, in the case of an award by –
 - (i) a manager referred to in subparagraph (2) (c) (iii); or
 - (ii) a bid adjudication committee of which the Chief Financial Officer or a senior manager is not a member.
- (5) Subparagraphs (4) and (5) of this policy do not apply to procurements out of petty cash.
- (6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

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

(8) This section must be read in line with the CTS Authorities Framework.

6. The oversight role of the Board

- (1) The **Board of Directors** reserves its right to maintain oversight over the implementation of this policy.
- (2) For such oversight, the Chief Executive Officer must -
 - (i) within 20 days of the end of each financial year, submit a report on the implementation of this policy to the board of directors, who must then submit the report to the accounting officer of the parent municipality for submission to the council; and
 - (ii) wherever there are serious and material problems in the implementation of this Policy, immediately submit a report **to the Board of Directors, who must then submit the report to the accounting officer of the parent municipality for submission to the council.**
- (3) The Chief Executive Officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the **Board of Directors.**
- (4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

7. Supply Chain Management Unit

- (1) A supply chain management unit is hereby established to implement this Policy.
- (2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.
- (3) The Supply Chain Management Department of the City of Cape Town will assist the Cape Town Stadium with administrative, advisory and human resource support in the implementation of this Policy.

8. Training of Supply Chain Management Officials

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

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9. Format of Supply Chain Management Policy

This Policy provides systems for –

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

10. System of Demand Management

- (1) The Chief Executive Officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the Cape Town Stadium support its operational commitments and its strategic goals outline in the Integrated Development Plan.
- (2) The demand management system must-
 - (a) Include timely planning and management processes to ensure that all goods and services required by the City of Cape Town are quantified, budgeted for and timely and effectively delivered at the right locations and the critical delivery dated, and are of the appropriated quality and quantity at a fair cost;
 - (b) Take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature;
 - (c) Provide for the compilation of the required specifications to ensure that its needs are met; and
 - (d) To undertake appropriated industry analysis and research to ensure that innovations and technological benefits are maximised.
 - (e) take into consideration all requirements and processes outlined in the CTS Cost Containment Policy; and
 - (f) ensure that the annual Procurement Plan is submitted to and approved by the Chief Executive Officer, or their delegated authority, before 31 July of each year.

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11. System of Acquisition Management

- (1) The Chief Executive Officer must implement the system of acquisition management set out in this Part in order to ensure –
 - (a) that goods and services are procured by **the Cape Town Stadium** in accordance with authorised processes only;
 - (b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
 - (c) that the threshold values for the different procurement processes are complied with;
 - (d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation;
 - (e) that any Treasury guidelines on acquisition management are properly taken into account.
- (2) This policy, except where provided otherwise in it, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including-
 - (a) water from the Department of Water Affairs or a public entity, another municipality or municipal entity: and
 - (b) electricity from Eskom or another public entity, another municipality or municipal entity.
- (3) When procuring goods or services contemplated in section 110(2) of the Act, the Chief Executive Officer must make public the fact that such goods or services are procured otherwise than through the Cape Town Stadium supply chain management system, including –
 - (a) The kind of goods or services; and
 - (b) The name of the supplier.

12. Range of Procurement Process

- (1) Goods and services may only be procured by way of –
 - (a) Petty cash or direct purchases, up to a transaction value of R2 000 (VAT included);
 - (b) Written or verbal quotations for procurements of a transaction value over R2 000 up to R10 000 (VAT included) in which no formal quotation shall be required;

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- (c) Formal written price quotations for procurements of a transaction value over R10 000 up to R200 000 (VAT included); and
 - (d) A competitive bidding process for -
 - (i) Procurement above a transaction value of R200 000 (VAT included); and
 - (ii) The procurement of long term contacts.
- (2) The Chief Executive Officer may, in writing –
- (a) Lower, but not increase, the diriment threshold values specified in subparagraph or
 - (b) direct that –
 - (i) written or verbal quotations are obtained for any specific procurement of a transaction value lower than R2 000;
 - (ii) formal written prices quotations be obtained for any specific procurement of a transaction value lower than R10 000; or
 - (iii) a competitive bidding process is followed for any specific procurement of a transaction value lower than R200 000.
- (3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction value, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.
- (4) When Identifying the appropriate procurement process, consideration must also be given to any other costs associated with the maintenance of the products/goods throughout its estimated useful life.
- (5) Compliance with all legislative requirements and order procedures not related to the SCM system such as project selection, feasibility, justification and approval processes, planning approvals and budget approvals must be adhered to by the relevant department requiring the goods or services.

13. General preconditions for consideration of written quotation or bids

A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –

- (a) has finished that provider's –
 - (i) full name;
 - (ii) identification number or company or other registration numbers; and
 - (iii) tax reference number and VAT registration number, if any;

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- (b) has submitted a valid tax clearance certificate certifying that the provider's tax matters are in order and provided the Cape Town Stadium with their SARS Compliance Status PIN; and
- (c) has indicated –
 - (i) whether he or she is in the service of the state or has been in the service of the state in the previous twelve months'';
 - (ii) If the provider is not a natural person, whether any of the directors, managers, principle shareholders or stakeholders is in the service of the state, or has been in the service of the state in the previous twelve months; or
 - (iii) whether a spouse, child or parent of the provider or a director, manager, shareholder or stakeholder referred to in sub-clause (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

14. Lists of accredited prospective providers

- (1) The list of accredited prospective suppliers refers to suppliers who are accredited to do business with the City of Cape Town in respect of particular commodities, services or construction.
- (2) Prospective suppliers are required to adhere to the listing criteria detailed in the City's SCM policy in order to do business with the Cape Town Stadium.
- (3) The Cape Town Stadium will use the City of Cape Town's list of accredited prospective suppliers in the implementation of this policy.
- (4) The Cape Town Stadium will use the list of accredited prospective suppliers for the procurement requirements of the Cape Town Stadium through written quotations and formal written price quotations (up to and including R200 000). Bidders who are not registered on the City's Supplier Database are not precluded from submitting bids, but must however register when called upon to do so.

15. Petty Cash and Direct Purchases

- (1) Where there is a need to purchase any goods or services using a petty cash system, which involves a transaction value up to R1000 (VAT inclusive), the Cape Town Stadium's Procedures and Policy for Petty Cash shall be adhered to.
- (2) The use of a petty cash float **(a float may not exceed R3 000-00)** is strictly confined to **individual cash purchases of up to a maximum of R1000-00 (VAT included)**. The Chief Executive Officer and Chief Financial Officer may approve petty cash purchases exceeding R1000 (VAT included) but limited to R2000 (VAT included).

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- (3) The delegated official responsible for petty cash must compile monthly reconciliation report for the Chief Financial Officer, which must include the total amount of petty cash purchases for that month and receipts and appropriate documents for each purchase.
- (4) The conditions for the procurement of goods or services through Direct Purchase for amounts equal to or less than R2 000 (VAT included) are as follows:
 - (a) A quotation must be obtained from, but not limited to, a provider whose name appears on the list of accredited prospective providers of the City of Cape Town, provided that if the quotation is obtained from a provider who is not listed, such provider must meet the listing criteria set out in City of Cape Town's SCM Policy;
 - (b) to the extent feasible, providers must be requested to submit such quotations in writing;
 - (c) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider. At least one quotation must be received.
- (5) The practice of breaking out the purchase to circumvent to formal written price quotation and written price processes are not permissible.

16. Written or Verbal Quotations

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

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

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17. Formal written price quotations

- (1) The conditions for the procurement of goods or services through formal written price quotations are as follows:
 - (a) Quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the City of Cape Town.
 - (b) Quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in the City of Cape Town's SCM Policy;
 - (c) If it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer, and
 - (d) The Chief Financial Officer must record the names of the potential providers and their written quotations.
- (2) A designated official referred to in subparagraph (1) (c) must within three days of the end of each quarterly report to the Chief Financial Officer on any approvals given during that quarter by that official in terms of that subparagraph.

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

The procedures for the procurement of goods or services through written or verbal quotations or formal written price quotations are as follows:

- (a) when using the list of accredited prospective providers, the Chief Executive Officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
- (b) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and an official notice board of the Cape Town Stadium or City of Cape Town;
- (c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;
- (d) the Chief Executive Officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by official acting in terms of a sub-delegation;

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- (e) offers below R10 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;
- (f) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest point;
- (g) Proper records shall be kept.

19. Competitive Bids

- (1) Goods or series above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11 (2) of this Policy.
- (2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

20. Process for competitive bidding

The procedures for the following stages of a competitive bidding process are as follows:

- (a) Compilation of bidding documentation;
- (b) Public invitation of bids;
- (c) Site meetings or briefing sessions (if applicable);
- (d) Handling of bids submitted in response to the public invitation;
- (e) Evaluation of bids;
- (f) Awards of contracts;
- (g) Administration of contracts; and
 - (i) After approval of a bid, the Chief Executive Officer or an authorised official and the bidder must enter into a written agreement.
- (h) Proper record-keeping.
 - (i) Original/legal copies of written contracts agreements should be kept in a secure place for reference purposes.

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21. Bid documentation for competitive bids

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

- (a) Take into account –
 - (i) The general conditions of contract and any special conditions of contract, if specified;
 - (ii) any Treasury guidelines on bid documentation; and
 - (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- (b) include the preference point system to be used (goals as contemplated in the CTS Preferential Procurement Policy), evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish –
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
 - a. for the past three years; or
 - b. since their establishment, if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of the payment from the Cape Town Stadium is expected to be transferred out of the Republic; and

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- (v) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation) or, when unsuccessful, in a South African court of law.
- (vi) The period for which bids are to remain valid, irrevocable and open for acceptance must be indicated in the bid documents. Bids shall remain valid for acceptance for a period of six (6) months after the expiry of the original validity period unless the CTS is notified in writing of anything to the contrary by the bidder.

22. Public invitation for competitive bids

- (1) The procedure for the invitation for competitive bids is as follows:
 - (a) Any invitation to prospective providers to submit bids must be any means of a public advertisement in newspapers commonly circulating locally, the website of the Cape Town Stadium, or City of Cape Town, or any other appropriate ways; and
 - (b) The information contained in the public advertisement must include –
 - (i) The closure dated for the submission of bids, which may not be less than 30 days in the case of tractions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;
 - (ii) A statement that bids may only be submitted on the bid documentation provided by the Cape Town Stadium; and
 - (iii) Date time and venue of any proposed site meetings or briefing sessions.
- (2) The Chief Executive Officer may determine a closure date for the submission of bids which is less than the 30 or 14 days' requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- (3) Bids submitted must be sealed.
- (4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

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23. Procurement for handling, opening and recording of bids

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

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

24. Negotiations with preferred bidders

- (1) The Chief Executive Officer may negotiate the final pricing and terms of a contract with bidders identified through a competitive bidding process as the preferred bidder, provided that such negotiation –
 - (a) does not allow any preferred bidder a second or unfair opportunity;
 - (b) is not to the detriment of any other bidder; and
 - (c) does not lead to a higher price than the bid as submitted.
- (2) Minutes of such negotiations must be kept for record purposes

25. Two-stage bidding process

- (1) A two-stage bidding process is allowed for –
 - (a) large complex projects;
 - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or

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- (c) long term projects with a duration period exceeding three years.
- (2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- (3) In the second stage, final technical proposals and priced bids should be invited.

26. Committee systems for competitive bids

- (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the Chief Executive Officer may determine:
 - (a) a bid specification committee;
 - (b) a bid evaluation committee; and
 - (c) a bid adjudication committee;
- (2) The Chief Executive Officer appoints the members of each committee, taking in to account section 117 of the Act; and
- (3) a neutral or independent observer, appointed by the Chief Executive Officer, must attend or oversee a committee when this so appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with –
 - (a) paragraph 27, 28 and 29 of this policy; and
 - (b) any other applicable legislation.
- (5) The Chief Executive Officer may apply the committee system to formal written price quotations.

27. Bid specification committees

- (1) A bid specification committee must compile the specifications for each procurement of goods or services by the Cape Town Stadium.
- (2) Specifications –
 - (a) must be drafted in an unbiased manner to follow all potential suppliers to offer their goods or services
 - (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;

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- (c) must where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
- (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marketing or labelling of conformity certification;
- (e) may not make reference to any particular trademark, name, patent, design, type, specific origins or producer unless there is no other sufficiently precise or describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent";
- (f) May include a functionality evaluation criteria to be applied to the tender;
 - (i) Where the CTS evaluates tenders based on functionality, this must be clearly indicate in the tender documents.
 - (ii) The evaluation criteria for measuring functionality must be objective.
 - (iii) The tender documents must specify-
 - a. evaluation criteria for measuring functionality;
 - b. the points for each criteria and, if any, each sub-criterion; and
 - c. minimum qualifying score for functionality.
 - (iv) The minimum qualifying score for functionality for a tender to be considered further-
 - a. must be determined separately for each tender; and
 - b. may not be so-
 - 1. low that it may jeopardise the quality of the required goods or services; or
 - 2. high that it is unreasonably restrictive.
 - (v) Points scored for functionality must be rounded off to the nearest two decimal places.
 - (vi) A tender that fails to obtain the minimum qualifying score for functionality as indicated in the tender documents is not an acceptable tender.
- (g) must indicate each specific goals for which points may be awarded in terms of the points system set out in the CTS Preferential Procurement Policy; and
- (h) must be approved by the Chief Executive Officer or delegated official prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.

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- (3) Site inspections/clarification meetings in respect of bids exceeding R200 000 will, in general, not be compulsory. Where site inspections/clarification meetings are made compulsory, the date for the site inspection/clarification meeting shall be at least 7 (seven) days after the bid has been advertised.
- (4) A bid specification committee must be composed of one or more officials of the Cape Town Stadium preferably; the manager responsible for the function involved, at least one Supply Chain Management Practitioner and may, when appropriate, include external specialist advisors.
 - (5) Provision for monetary allowances (e.g. Provisional Sums) shall as far as possible be avoided. Where these are unavoidable, the total value of such allowances shall not exceed 20% of the total estimated value of the tender unless otherwise approved by the Chief Executive Officer.
- (6) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity may bid for any resulting contracts.

28. Bid evaluation committees

- (1) A bid evaluation committee must –
 - (a) evaluate bids in accordance with –
 - (i) the specifications for a specific procurement; and
 - (ii) the points system set out in terms of paragraph 27 (2) (g).
 - (b) evaluate each bidder's ability to execute the contract;
 - (c) check-in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;
 - (d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.
- (2) A bid evaluation committee must as far as possible be composed of –
 - (a) officials from departments requiring the good or series; and
 - (b) at least one supply chain management practitioner.
- (3) A representative of Internal Audit and/or Legal Services may form part of this committee where necessary as well as other internal/external experts/specialists. As relevant to the content of the tender, relevant internal/external specialists must be included in an advisory capacity to the Bid Evaluation Committee.
- (4) In the event that a contract is not concluded after an award has been made by the Bid Adjudication Committee, the Bid Evaluation Committee may reconsider

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all remaining bids received and may submit further reports to the Bid Adjudication Committee for consideration.

- (5) In the event that a contract is terminated during the execution thereof, and the remaining bids associated with initial procurement process are still considered open for acceptance in terms of paragraph 21 (d) (vi) of this policy, the Bid Evaluation Committee may submit a report to the Bid Adjudication Committee recommending the award, or non-award, of the contract to the alternative bidder. Should any revised terms, rates or conditions be negotiated, a report detailing these must be submitted to the Bid Adjudication Committee.

29. Bid adjudication committees

- (1) A bid adjudication committee must –
- (a) consider the report and recommendations of the bid evaluation committee; and
 - (b) either –
 - (i) depending on its delegations, make a final award or a recommendation to the Chief Executive Officer to make the final award; or
 - (ii) make another recommendation to the Chief Executive Officer how to proceed with the relevant procurement.
- (2) A bid adjudication committee must consist of at least four senior managers of the Cape Town Stadium/City of Cape Town which must include –
- (a) the Chief Financial Officer or if the Chief Financial Officer is not available, another manager in the finance office reporting directly to the Chief Financial Officer and designated by the Chief Financial Officer; and
 - (b) at least one senior supply chain management practitioner who is an official of the Cape Town Stadium/City of Cape Town; and
 - (c) a technical expert in the relevant field who is an official, if such an expert exists.
- (3) The Chief Executive Officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.
- (4) Neither a member of a bid evaluation committee nor an advisor or person assisting the evaluation committee may be a member of a bid adjudication committee.

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- (5) (a) if the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –
- (i) check-in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
 - (ii) notify the Chief Executive Officer.
- (b) The Chief Executive Officer may –
- (i) after due consideration of the reason for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
 - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (6) The Chief Executive Officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.
- (7) the Chief Executive Officer must comply with section 114 of the Act within 10 working days.

30. Cancellation of tenders

- (1) The CTS may, before the award of a tender, cancel a tender invitation if-
- (a) due to changed circumstances, there is no longer a need for the goods or services specified in the invitation;
 - (b) funds are no longer available to cover the total envisaged expenditure;
 - (c) no acceptable tender is received; or
 - (d) there is a material irregularity in the tender process.
- (2) The decision to cancel a tender invitation in terms of sub-clause (1) must be published in the same manner in which the original tender invitation was advertised.

31. Procurement of banking services

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

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- (2) The process for procuring a contract for banking series must commence at lead nine months before the end of an existing contract.
- (3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1).
- (4) Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act no. 94 of 1990).

32. Procurement of IT-related goods or services

- (1) The Chief Executive Officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT-related goods or service through a competitive bidding process.
- (2) Both parties must enter into a written agreement to regulated the services rendered by, and the payments to be made to, SITA.
- (3) The Chief Executive Officer must notify SITA together with a motivation of the IT needs if –
 - (a) the transaction value of IT-related goods or services required in any financial year will exceed R50 million (VAT included); or
 - (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- (4) If SITA comments on the submission and the Cape Town Stadium disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the board of directors, the National Treasury, the relevant provincial treasury and the Auditor General.

33. Procurement of goods and services under a contract secured by other organs of state

- (1) The Chief Executive Officer may procure goods or series under a contract secured by another organ of state, by only if –
 - (a) the contract has been secured by that other organ of the state by means of a competitive bidding process applicable to that organ of state;
 - (b) there is no reason to believe that such a contract was not validly procured;
 - (c) there are demonstrable discounts or benefits to do so; and
 - (d) that other organ of state and the provider have consented to such procurement in writing.
- (2) Subparagraphs (1) (c) and (d) do not apply if –

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- (a) The Cape Town Stadium procures goods or services through a contract secured by City of Cape Town (parent municipality); or
 - (b) City of Cape Town municipality procures goods or series through a contract secured by The Cape Town Stadium.
- (3) Commodities, services and products covered by a transversal contract by the National Treasury must be considered before approaching the market, to benefit from savings and lower prices or rates that have been negotiated.

34. Procurement of goods necessitating special safety arrangements

- (1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.
- (2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the Chief Executive Officer.

35. Proudly SA campaign

The Cape Town Stadium supports the Proudly SA Campaign to the extent that, all things being equal, preference may be given (in line with the CTS Preferential Procurement Policy) to procuring local goods and services from:

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

36. Appointment of consultants

In the procurement of consulting services cognizance should be taken of any National Treasury guidelines in respect of Construction Industry Development Board Guidelines in respect of services relating to the built environment and construction works.

35.1 Procurement Process (over R200 000):

- 35.1.1 Where the estimated value of the fees exceeds R200 000 (VAT inclusive), or where the duration of the appointment will exceed on year, consulting series shall be procured through a competitive bidding process.
- 35.1.2 The practice of breaking out (parcelling) consultant appointments in order to circumvent the competitive bidding process is not permitted.

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35.2 Procurement process (up to R200 000):

- 35.2.1 Where the estimated value of the fees is less than or equal to R200 000 (VAT inclusive), the duration of the appointment is less than one year, the selection of a consultant to provide the required service shall follow a written price quotation or a formal written price quotation as described in this Policy.
- 35.2.2 The Chief Executive Officer must ensure where applicable and relevant that there is rotation in respect of inviting suitably qualified consultants to quote.
- 35.2.3 A price/preference point system, as described in the preferential procurement section of this policy, must be applied to such quotations.
- 35.2.4 Where it is in the interest of the Cape Town Stadium to follow an advertised process, a formal competitive bidding process in accordance with requirements of the policy may be followed.

35.3 Single-source Selection

- 35.3.1 National Treasury Guidelines provided for single-source selection in exceptional cases. The justification for single-source selection must be examined in the context of the overall interest of the Cape Town Stadium and the project.
- 35.3.2 Single-source selection may be appropriate only if it presents a clear advantage over competitive bidding process:
- 35.3.2.1 For service that represents a natural continuation of previous work carried out by the consultant, and continuity of downstream work is considered essential.
 - 35.3.2.2 Where a rapid selection is essential
 - 35.3.2.3 For very small appointments.
 - 35.3.2.4 When only one consultant is qualified or has experience of exceptional worth for the project.
- 35.3.3 The reason for single-source selection must be motivated in a report approved by Bid Adjudication Committed prior to the conclusion of a contract, provided that if the award is for an amount R200 000 (VAT inclusive) or less.
- 35.3.4 The Chief Executive Officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the Cape Town Stadium.

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(Table below, an extract National Treasury’s guideline, gives various approaches in selecting a consultant)

An assignment that is not complex or specialized	Use 'Quality and Cost Based Selection' (QCBS)
A complex or highly specialized assignment, for which consultants are expected to demonstrate innovation in their proposal (for example, financial sector reforms)	Use 'Quality – Based Selection' (QBS)
An assignment that has a high downstream impact and requires the best available experts (for example, management studies of large government agencies)	Use QBS
An assignment that could be carried out in substantially different ways, hence proposals will not be comparable (for example, sector and policy studies in which the value of the services depends on the quality of the analysis)	Use QBS
A simple assignment, which is precisely defined and the budget fixed.	Use 'Selection under a fixed budget', but evaluate technical proposals first as in QCBS
A standard or routine assignment (e.g. an audit, engineering design of noncomplex works)	Use 'Least- cost selection' Potential suppliers may be obtained from the list of approved service suppliers.
A very small assignment, (not exceeding a cost of R50, 000.00) which does not justify the preparation and evaluation of competitive proposals.	Selection based on consultants' qualifications. Potential suppliers may be obtained from the list of pre-qualified firms.
A task that represents a natural continuation of previous works carried out by the firm.	Use 'Single- Source Selection
An emergency operation	You MAY use 'Single Source Selection'

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An assignment where only one firm is qualified or has experience of exceptional worth for the assignment	Use Single-Source selection'
Any other situation: Quality and Cost Based Selection (QCBS)	Use 'Quality and Cost Based Selection' either by requesting a "BID" or a "PROPOSAL

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

(1) The Chief Executive Officer may –

- (a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
 - (i) in an emergency; defined as cases where immediate action is necessary in order to avoid a hazardous or risky situation, misery or situation that may cause the Cape Town Stadium operations to be severely disrupted and early delivery are of critical importance.
 - (ii) if such goods or services are produced or available from a single provider only;
 - (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (iv) acquisition of animals for zoo's and/or nature and game reserves; or
 - (v) any other exceptional circumstances where it is impractical or impossible to follow the official procurement process, including, but not limited to:
 - a. ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids;
 - b. in the event of a major system failure.
- (b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of written delegated powers or duties which are purely of a technical nature. The Chief Executive Officer may only ratify a breach of process, and not the irregular expenditure itself. Only the Board of Directors itself may ratify irregular expenditure.

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- (2) The Chief Executive Officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the Board of Directors and include as a note to the annual financial statements.
- (3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

38. Condonation of irregular, fruitless and wasteful expenditure

- (1) The Board of directors shall on the discovery of any irregular or fruitless and wasteful expenditure incurred by the Cape Town Stadium, duly investigate the recoverability of such expenditure. Coinciding with the investigation, the board of directors must promptly report, in writing, to the mayor or municipal manager of the City of Cape Town the municipality as well as the Auditor-General –
 - (a) Particulars of the expenditure; and
 - (b) Any steps that have been taken –
 - (i) To recover the expenditure; and
 - (ii) To prevent a recurrence of the expenditure
- (2) After completing its investigation referred to subsection 1, the board of directors shall decide whether or not the relevant expenditure is recoverable and,
 - (a) If irrecoverable, shall certify it as such and submit a certificate to this effect to the Mayor of the City of Cape Town municipality; or
 - (b) If recoverable shall decide on steps to be taken to recover the expenditure
- (3) The Board of directors shall **not sub-delegate** authority to certify expenditure as irrecoverable as per Regulation 76 of the MBRR.
- (4) The board of directors shall promptly report the South African Police Service after the conclusion of the investigation in accordance with section 102 of the MFMA, any –
 - (a) irregular expenditure that may constitute a criminal offence; and
 - (b) other losses suffered by the Cape Town Stadium, which resulted from suspected criminal conduct.
- (5) The irregular expenditure shall be recovered from the liable official unless the expenditure is certified by the board of directors, after investigation, as irrecoverable and is written off by the board of directors. Expenditure, which is written off is, shall be deemed to be condoned as per National Treasury MFMA Circular No. 68.

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39. Unsolicited bids

- (1) In accordance with section 113 of the Act, there is no obligation to consider unsolicited bids received outside a normal bidding process.
- (2) The Chief Executive Officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –
 - (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
 - (b) the product or service will be exceptionally beneficial to or have exceptional cost advantages;
 - (c) the person who made the bid is the sole provider of the product and service; and
 - (d) the reasons for not going through the normal bidding processes are found to be sound by the Chief Executive Officer.
- (3) If the Chief Executive Officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 32A of the Municipal Systems Act, together with –
 - (a) reasons as to why the bid should not be open to other competitors;
 - (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
 - (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (4) The Chief Executive Officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.
- (5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the Chief Executive Officer, depending on its delegations.
- (6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- (7) When considering the matter, the adjudication committee must take into account –
 - (a) any comments submitted by the public; and
 - (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.

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- (8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the Chief Executive Officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- (9) Such submissions must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the Cape Town Stadium to the bid may be entered into or signed within 30 days of the submission.

40. Combating of abuse of the supply chain management system

- (1) The Chief Executive Officer must –
- (a) take all reasonable steps to prevent abuse of the supply chain management system;
 - (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
 - (i) take appropriate steps against such official or other role players; or
 - (ii) report any alleged criminal conduct to the South African Police Service;
 - (c) Check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
 - (d) Reject any bid from a bidder –
 - (i) If any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the Cape Town Stadium, or to any other municipality or municipal entity, are in arrears for more than three months; or
 - (ii) Who during the last five years has failed to perform satisfactorily on a previous contract with the Cape Town Stadium or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
 - (e) Reject a recommendation for the award of a contract if the recommended bidder, or any of its directors has committed a corrupt or fraudulent act in competing for the particular contract;
 - (f) Cancel a contract awarded to a person if –
 - (i) The person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or

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- (ii) An official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- (g) Reject the bid of any bidder if that bidder or any of its directors –
- (i) Has abused the supply chain management system of the Cape Town Stadium or has committed any improper conduct in relation to such system;
 - (ii) Has been convicted for fraud or corruption during the past five years;
 - (iii) Has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contracts during the past five years; or
 - (iv) Has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
- (2) The Chief Executive Officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

41. Logistics management

The Chief Executive Officer must establish and implement an effective system of logistics management, which must include –

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

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- (g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods and services.

42. Disposal management

- (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act, are as follows:
- (2) Assets may be disposed of by –
- (i) Transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
 - (ii) Transferring the asset to another organ of state at market-related value or, when appropriate, free of charge;
 - (iii) Selling the asset; or
 - (iv) Destroying the asset
- (3) The Chief Executive Officer must ensure that;
- (a) Immovable property is sold only at market-related prices except when the public interest or the plight of the poor demands otherwise;
 - (b) Movable assets are sold either by way of written price quotations, a competitive the bidding process, auction or at market-related prices, whichever is the most advantageous;
 - (c) Firearms are not sold or donated to any person or institution within or outside the republic unless approved by the National Convention Arms Control Committee;
 - (d) Immovable assets are let at market-related rates except when the public interest or the plight of the poor demands otherwise;
 - (e) All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property is annually reviewed;
 - (f) Where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
 - (g) In the case of the free disposal of computer equipment, the provincial department of education is the first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

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43. Risk management system

- (1) Risk Management shall provide for an effective system for the identification, consideration and avoidance of potential risks in the Cape Town Stadium's supply chain management system.
- (2) Managing risk must be part of the Cape Town Stadium's philosophy, practices and business plans and should not be viewed or practised as a separate activity in isolation from line managers.
- (3) Risk management shall be an integral part of effective management practice.
- (4) The risk management process –
 - (a) The risk management process shall be applied to all stages of supply chain management, be it the conceptual stage, project definition, specification preparation, acquisition approval or implementation to completion.
 - (b) Risk management is an integral part of good management of acquisition activities and cannot be effectively performed in isolation from other aspects of the acquisition management.
 - (c) Appropriate risk management conditions should therefore be incorporated in contracts
- (5) Key principles –
 - (a) The key principles of managing risk in supply chain management include –
 - (i) Early and systematic identification of risk on a case-by-case basis, analysis and assessment of risk, including conflicts of interest and the development of plans for handling them;
 - (ii) Allocating and acceptance of responsibility to the party best placed to manage risk'
 - (b) Management of risk in a pro-active manner and the provision of adequate cover for residual risk;
 - (c) Assignment of relative risk to the contracting parties through clear and unambiguous contract documentation;
 - (d) Acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it; and
 - (e) Ensuring that the costs incurred in managing risks are commensurate with the importance of the purchase and the risks to the Cape Town Stadium's operations.
- (6) Guidelines

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The Cape Town Stadium shall demonstrate that in its supply chain management –

- (i) There exists a systematic approach to identifying risks including potential conflicts of interest, analysing their possible likelihood, impacts and consequences and managing those risks as the project proceeds through the phases of pre-bid, post-bid and contract management;
- (ii) The integrity and correctness of the process of risk identification, analysis, assessment and treatment is such that the relevant The Cape Town Stadium Department can demonstrate the scope of the risk analysis is appropriate for the stated objectives;
- (iii) All pertinent matters and assumptions have been tested adequately and that appropriate risk treatment techniques have been implemented;
- (iv) The causes of risk are identified;
- (v) The means of treating the identified risks are apparent;
- (vi) The party who accepts the risks also accepts responsibility for the management of those risks, except where informed, and objective decisions are taken to share risks;
- (vii) Alternatives have been evaluated; and
- (viii) Appropriate condition is to be incorporated in contracts to avoid or minimise risk including warranties and penalties where appropriate.

(7) Steps in risk management –

There are six steps in the risk management process, namely –

- (i) Establish a framework;
- (ii) Risk identification;
- (iii) Risk analysis;
- (iv) Risk assessment;
- (v) Risk treatment; and
- (vi) Implementation, monitoring and review

44. Performance management

The Chief Executive Officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.

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45. Contract management

- (1) In order to effectively manage such risk in terms of paragraph 43, the Chief Executive Officer may renew or extend the contracts of any service provider or supplier, subject to the following –
- (a) Failure to extend or renew such contract would have a material adverse effect on the Cape Town Stadium's operations;
 - (b) Any renewal or extension shall be transitional/interim and endure for no longer than for a period of 50% of the original duration of the contract;
 - (c) Shall terminate upon the appointment of service provider and/or supplier;
 - (d) Tender renewal process commencement date to start not later than upon 75% of the contract duration.
- (2) There are three levels of contract management:
- (a) The first operational level is for standard contracts for goods and services. Day to day contract administrations should become no more than monitoring, record keeping and price adjustment authorisation role;
 - (b) The second of intermediate level is for more complex contracts for services. An example would be a contract to outsource cleaning services. This type of contract will require a more active role for the line manager responsible for the contract in developing the relationship between the Cape Town Stadium and the contractor;
 - (c) The third level is for strategic contractors involving complex partnership and outsourcing arrangements. These contracts need more active management for the business relationship between the supplier and the users, for example, to manage outputs and not the process. Sufficient resources need to be dictated by all parties to successfully manage these contractor relationships and where flexible, to achieve partnership. A partnership is the result of mutual commitment to a continuing co-operative relationship, rather than parties working on a competitive and adversarial basis.
- (3) This process provided above should be read in line with Section 116 of the MFMA.
- (4) Goods and services rendered by a contractor after the expiry of the contract will only be allowed in instances where a confirmed commitment/obligation to render the necessary goods and/or services was raised prior to the expiry of the contract. For all contracts, excluding those with Preferred Suppliers, delivery of the goods or rendering of the services must take place within 30 days of a contract expiring.

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

- (1) No award above R30 000 may be made in terms of this policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- (2) Before making an award to a person the Chief Executive Officer must first check with SARS whether that person's tax matters are in order.
- (3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

47. Prohibition on awards to persons in the service of the state

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

- (a) Who is in the service of the state;
- (b) If that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- (c) A person who is an advisor or consultant contracted with the Cape Town Stadium.

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

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

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

49. Ethical standards

- (1) A code of ethical standards as set out in the **“National Treasury’s code of conduct for supply chain management practitioners and other role-players involved in supply chain management”** is hereby established for officials and other role players in the supply chain management system of the Cape Town Stadium in order to promote –
 - (a) Mutual trust and respect; and
 - (b) An environment where business can be conducted with integrity and in a fair and reasonable manner.
- (2) A breach of the code of ethics must be dealt with as follows –

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- (a) In the case of an employee, in terms of the disciplinary procedures of the Cape Town Stadium envisaged in section 67(1)(h) of the Municipal Systems Act;
- (b) In the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach;
- (c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

50. Inducements, rewards. Gifts and favours to the Cape Town Stadium, officials and other role players

- (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –
 - (a) Any inducement or reward to the Cape Town Stadium for or in connection with the award of a contract; or
 - (b) Any reward, gift, favour or hospitality too –
 - (i) Any official; or
 - (ii) Any other role player involved in the implementation of this policy.
- (2) The Chief Executive Officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such persons is alleged to have acted should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- (3) Subparagraph (1) does not apply to gifts less than R350 in value.

51. Sponsorships

The Chief Executive Officer must promptly disclose to the National Treasury and the relevant provincial treasury and sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –

- (a) A provider or prospective provider of goods or services; or
- (b) A recipient of prospective recipient of goods disposed or to be disposed of.

52. Objections and complaints

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

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53. Resolution of disputes, objections, complaints and queries

- (1) The Chief Executive Officer must appoint an independent and impartial person, not directly involved in the supply chain management process –
 - (a) To assist in the resolution of disputes between the **Cape Town Stadium** and other persons regarding,
 - (i) Any decisions or actions taken in the implementation of the supply chain management system; or
 - (ii) Any matter arising from a contract awarded in the course of the supply chain management system; or
 - (b) To deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such a contract.
- (2) The Chief Executive Officer, or another official designated by the Chief Executive Officer is responsible for assisting the appointed person to perform his or her functions effectively.
- (3) The person appointed must –
 - (a) Strive to resolve promptly all disputes, objections, complaints or queries received; and
 - (b) Submit monthly reports to the Chief Executive Officer on all disputes, objections, complaints or queries received, attended to or resolved.
- (4) A dispute, objection, complaint or query may be referred to the relevant 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.
- (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.
- (6) This paragraph must not be read as affecting a person's right to approach a court at any time.

54. Contracts providing for compensation based on turnover

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

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

55. Fees charged for bid documents

The Board holds a right to charge a fee for its bidding documents and may from time to time alter the fee charged.

56. Approval

This policy was approved by the Cape Town Stadium (RF) SOC Limited Board of Directors on 27 January 2023.

Chairman of the Board
PJ Veldhuizen

23 February 2023

Date