



**MHLONTLO LOCAL MUNICIPALITY**

**TENDER DOCUMENT FOR COMPLETION OF 2017/2018 INTERNAL AUDIT PLAN**

**BID NOTICE NO: IA-PAS-004-2018**

Issued by: The Municipal Manager  
MHLONTLO LOCAL MUNICIPALITY  
P.O. BOX 31  
QUMBU  
5180

96 General Mabindla Street  
QUMBU  
5180  
Tel: +27(047) 553 7000  
Fax; +27(047) 553 0189

CSD NO. \_\_\_\_\_ SARS PIN \_\_\_\_\_

NAME OF BIDDER: \_\_\_\_\_

TENDER AMOUNT: \_\_\_\_\_

BBBEE LEVEL: \_\_\_\_\_

<b>TENDER NOTIFICATION</b>
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PROJECT NAME	CONTRACT NUMBER	ADVERT DATE	CLOSING DATE
COMPLETION OF 2017/2018 INTERNAL AUDIT PLAN	<u>IA-PAS-004-2018</u>	24/04/2018	16/05/2018  12:00PM

**BID IA-PAS-004-2018**

**INVITATION TO BID FOR COMPLETION OF 2017/2018 INTERNAL AUDIT PLAN**

Mhlontlo Local Municipality is inviting all suitable, qualified and experienced Professional Service Providers to submit bids / proposals for the above bids.

**DOCUMENTATION**

Bid documents are available on etender website [www.etender.gov.za](http://www.etender.gov.za) or Mhlontlo webs [www.mhlontlolm.gov.za](http://www.mhlontlolm.gov.za)

**Notes to Prospective Bidders/compulsory submissions**

- All prospective bidders must be registered / eligible to register on the Mhlontlo Municipal data base.
- All bids submitted should remain valid for a period of 90 days after the bid closing date.
- Tax Clearance Certificate and SARS Compliance Status Pin.
- Certified Copy of BBEE certificate issued by a Verification Agency accredited by SANAS or Sworn Affidavit.
- Company profile with traceable references.
- Bidders are required to submit Proposed Project Team, their CV's and proof of professional registration.
- All the forms (e.g. Declaration of Bidder's Past Supply Chain Management Practices, Compulsory Enterprise Questionnaire, etc.) contained by the tender document must be completed in full, an failure to do so will result in disqualification.
- Signed Joint Venture agreement (Where applicable)
- Central Supplier Database Report not later than One Month
- Proof of Municipal Rates not later than three Months

**Failure to supply all required and supplementary information will result in the tender being deemed non-responsive; and therefore the tender will not be considered for award.**

**The bids will be evaluated on the basis of the Preferential Procurement Policy Framework Act (Act No.5, 2000), and the regulations pertaining thereto (2011), as well as the Mhlontlo Local Municipality's Supply Chain Management policy.80/20 preference point system will be used as per the MHLONTLO LM SCM Policy.**

Received Responsive bids will be evaluated based on the following criteria:

- Stage 1 – Functionality
- Stage 2 – Price and Preferential Points

**Only Bidders who score 70% or more on Stage 1 would be evaluated further and eligible for award.**

<b>ITEM</b>	<b>Weight</b>
<b>STAGE 1 OF EVALUATION – FUNCTIONALITY</b>	
<b>Functionality</b>	<b>100</b>
Previous Experience in projects of similar nature	30
Capacity and Expertise to undertake the work	40
Methodology	30
<b>STAGE 2 OF EVALUATION – PRICE &amp; BBBEE POINTS</b>	
<b>Price</b>	<b>80</b>
<b>BBBEE POINTS</b>	<b>20</b>

#### **BID CLOSING DATE**

Completed bids in sealed envelopes endorsed “ **IA-PAS-004-2018**, must be deposited in the bid box at Mhlontlo Local Municipality offices, Qumbu not **later than 12H00** on the **16<sup>th</sup> May 2018**, where bids will be opened in public shortly afterwards at Qumbu. Bidders must take note that where a correction is made the bidder should append a signature. All bids should be completed in black ink and the use of a correction fluid is NOT permitted at all and will lead to disqualification. Bids completed in pencil will be disqualified. Late, incomplete, electronic, telegraphic, telexed, faxed bids will not be considered. The lowest or any proposal will not necessarily be accepted and Mhlontlo Local Municipality reserves the right to accept or not to accept any proposal either in whole or in part. And any assistance in completing partly or full the proposal from MHLONTLO LM Official or Councilor will result in disqualification of bid.

**BID ENQUIRES**

Enquiries should be directed to Ms L Mdingi on 047 553 7000, email address: [lmdingi@mhlontloim.gov.za](mailto:lmdingi@mhlontloim.gov.za) (internal Auditing) and all SCM related enquiries to be directed to T Mbono on 047 553 7031, email address: [tmbono@mhlontloim.gov.za](mailto:tmbono@mhlontloim.gov.za)

**MR S.G. SOTSHONGAYE**

**MUNICIPAL MANAGER**

### **C 3. Scope of work**

#### **INTRODUCTION**

The objectives of the Municipal Finance Management Act, 2003 as amended (MFMA) are to modernize budget and financial management practices in local government, thereby ensuring that revenue, expenditure, assets and liabilities are managed efficiently and effectively.

The Accounting Officer is in terms of Section 62(1) (a) to c (i) & (ii) of the MFMA required to have and maintain an efficient, effective and transparent systems of financial and risk management and internal control and a system of internal audit under the control and direction of the Audit Committee that is compliant with the requirements prescribed in terms of Section 165 and operating in accordance with prescribed norms and standards.

In terms of section 165 (1) of the MFMA, each municipality must have an internal audit unit which must perform the tasks prescribed in subsection 2 of the Act. In terms of section 165 (3) of this Act, the internal audit function may be outsourced if the municipality requires assistance to develop its internal capacity.

Regulation 14 (1) of the Municipal Planning and Performance Management Regulations, 2001, prescribes that a municipality must develop and implement mechanisms, systems and processes for auditing the results of performance measurements as part of its internal auditing processes.

#### **2. PROBLEM STATEMENT**

Internal Audit is strategically positioned to ensure that management creates the economic value for the efficient and effective use of resources and promote good corporate governance. The execution of Internal Audit Activity Plan (IAAP) in Mhlontlo Local Municipality is underpinned by the principles of independence, objectivity, integrity and accountability.

The Mhlontlo Municipality has established its internal auditing function in line with section 165(3) of the MFMA .

#### **3. OVERALL GOALS/ OBJECTIVES**

The objective of this bid is to appoint a suitable independent Internal Audit Service Provider with competent and skilful personnel that can establish and maintain an appropriate Internal Audit Services to the Audit Committee of Mhlontlo Local Municipality and will help to promote and ensure:

- the independence of the internal audit activity and the objectivity of the internal auditors;
- broad audit coverage that is responsive to the strategic choices of the council
- adequate consideration of audit reports; and
- the implementation of audit recommendations.

#### **4. SCOPE OF INTERNAL AUDIT WORK**

4.1 The internal audit function will in consultation with the Audit Committee prepare:

- an operational plan that indicates the scope of each audit in the annual internal audit annual plan; and
- reports to the Audit Committee detailing its performance against the plan, to allow effective monitoring and intervention where necessary; and significant findings on the audits completed.

4.2 The internal audit function will also ensure:

- that an overall conclusion statement on the control environment of the municipality is prepared;
- that audit working paper files for all audits completed are stored safely and provided to relevant stakeholders when required;
- that value adding advice is provided to management regarding the management of risks;
- that assessments of operating procedures and monitoring mechanism over transfers made and received including transfers in terms of the Division of Revenue Act (DORA) are performed;
- coordination of effort with other internal and external providers of assurance to ensure proper coverage and minimize duplication of effort;
- facilitation of the roll-out of the Fraud Prevention Plan; and
- the establishment of policies and procedures to guide the Internal Audit activity.

4.3 The scope of internal audit work entails evaluating the adequacy and effectiveness of the organization systems of internal control.

This includes:

4.3.1. reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;

4.3.2. reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations that could have a significant impact on operations, and determine whether the organization is in compliance;

4.3.3. Reviewing the means of safeguarding assets and verifying the existence of assets;

4.3.4. Appraising the economy and efficiency with which resources are employed and identifying opportunities to improve operating performance;

4.3.5 Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned;

4.3.6. Perform responsibilities prescribed in terms of regulation 14(4) of the Local Government: Municipal Planning and Performance Management Regulations, 2001

4.3.7. Reviewing the planning, design, development, implementation and operation of major computer-based systems to determine whether:

- Adequate controls are incorporated in systems
- Thorough systems testing is performed at appropriate stages;
- Systems documentation is complete and accurate; and
- The needs of users met.

4.3.8. Reporting to the Audit Committee in writing regularly on the scope of reviews of good governance and any significant findings

4.4. The internal audit function must assist the accounting officer in achieving the objectives of the municipality by evaluating and developing recommendations for the enhancement or improvement of the processes through which:

- The municipality's objective and values are established and communicated;
- The accomplishment of municipality's objectives is monitored;
- Accountability is ensured; and
- Corporate values are preserved.

4.5. The successful bidder should ensure that during the planning and execution of audits, the occurrence of fraud and irregularities are considered to identify serious irregularities, which might result in possible fraud; any such irregularities must be reported immediately to the Management of Mhlontlo Municipality as well as the Audit Committee without disclosing these to any members of the staff.

## **5. SPECIAL CONDITIONS AND SKILLS TRANSFER**

5.1 The proposal must further include a recommendation to the Accounting Officer on process to establish a sustainable Internal Audit section within the municipality by:

- Developing a detailed skills matrix and gap analysis with accompanying development program;
- Developing a comprehensive Quality Assurance program framework;
- Developing a comprehensive business plan;
- Developing a training and continuous education policy;
- Developing a management control policy and process;
- Developing a formalized career path for internal auditors;
- Develop and facilitate implementation of formal process to facilitate management acceptance of skills
- Develop a policy and methodology to utilize CAATS;
- Develop a retention of records policy;
- Develop a communication strategy regarding the Internal Audit function's role, responsibility and the way Internal Audit activity could add value to the Mhlontlo Municipality; and
- Develop an agreed management action policy on recommendations by Internal Audit.

5.2. Transfer of skills intended to sensitize staff about the basic understanding of the various audit environments forms part of this request for proposal. The service provider will be expected to:

- Develop a career path for staff under their mentorship who would be employed during the term of this contract;
- Prepare an assessment on each employee after every completed assignment;
- Prepare quarterly assessment report on each employee following the performance
- Management Development System Guidelines used by the municipality;
- Ensure that the relevant person/s complete/s an evaluation form to rate the internal audit team on the recently completed tasks;
- Use Mhlontlo Municipality's evaluation forms to monitor progress of the internal audit team;
- Recommend suitable training to be provided to the team or individual team members;
- Monitor and report on progress on the assignments with regards to time spent vs. allocated time;
- Monitor and report on progress with regards to the quality of output produced;
- Report quarterly to the Municipal Manager / Head Internal Audit on staff assessment performed and the results of the staff assessment process and;
- Monitor and report on progress with regards to on-the-job training.

**6. SPECIFIC DELIVERABLES OF INTERNAL AUDIT SERVICES**

6.1. The internal audit function must report administratively to the Accounting Officer and shall report at all Audit Committee meetings. The internal audit function should conduct/prepare reports as directed by the Audit Committee.

6.2. In carrying out its support functions to the Accounting officer, the appointed internal audit service provider shall inter alia:

- Report monthly to the Municipal Manager on progress against the operational plan;
- Prepare summary reports for the Audit Committee and report at each ordinary meeting of the Audit Committee; detailing performance against the annual internal audit plan to allow effective monitoring and possible intervention;
- Assist in facilitating Audit Committee activities and meetings; and the recording of the minute's production.
- Conduct special examinations at the request of the Accounting Officer and the Audit Committee.
- Prepare detailed audit reports for Top Management; and report monthly to Top Management.
- Prepare for, and attend Audit Steering Committee meetings.

6.3 The audit service will be initially co-sourced with the intention to transfer skill to the in-house Internal Auditors.

6.4 The scope of the internal audit service shall consist of the following summary of Assignments to complete:

Assignment No.	Projects to Complete
A	PMS review (2018/19 SDBIP & IDP alignment and SMART principle )
B	Asset management Review
C	Supply Chain Management Review
D	Contracts Management Review
E	Fleet Management Review
F	Recruitment and Selection Review
G	MSCOA
H	Leave Management Review
I	Fraud & Corruption Awareness and developing the plan
J	ICT Review
K	Debt and Revenue Review

6.5 The performance of such other assignments as the Audit Committee and Management may (from time to time) authorize, which will constitute an addition to the scope of services in clause 6.3 above.

6.6 The successful bidder is to ensure that the Internal Audit activities are conducted in accordance with the standards as set by the Institute of Internal Auditors and any other provisions as may be promulgated or regulated in terms of the MFMA.



## **7. PACKAGE APPROACH**

The municipality would prefer to conclude an agreement with a Bidder who is able to provide a complete internal audit service.

The successful bidder, to an extent that is required in order to allow for the provision of independent internal audit services, will have access to all information, people, (In line with the IA Charter) and premises of Mhlontlo Municipality within the normal working hours.

The successful bidder must be visible at all material times during the tenure of the contract.

## **8. PERFORMANCE OF INTERNAL AUDIT ASSIGNMENT**

Internal audit assignments are to be performed in accordance with the successful bidder's internal audit methodology and procedures. However, each assignment should at least consist of assurance and consulting services according to the following steps:

1. Audit preparation (planning);
2. Preliminary surveys (Planning);
3. Analysis of risks and internal controls (Planning);
4. Audit Execution;
5. Development of findings and recommendations;
6. Obtaining management responses; and
7. Reporting
8. Follow- up Audit

All procedures and working papers must be made available on request within one work Day, to municipality as well as the Audit Committee and the Auditor General of South Africa on request. The bidder(s) must formally indicate any objection the bidder(s) may have in making available, on request by the Mhlontlo Municipality, all working papers, data, documents, reports and evidence collected or prepared during the planning, execution and reporting of an internal audit assignment.

## **9. QUALITY ASSURANCE REVIEW OF WORK**

All bidders are required to submit proof of having gone through External Quality Assurance Review(s) with positive results.

The successful bidder shall ensure that all work conforms to the Standards for the Professional Practice of Internal Auditing (Institute of Internal Auditors).

## **10 INDEPENDENCE AND OBJECTIVITY OF AUDIT STAFF**

In carrying out the work, the successful Bidder must ensure that their staff members maintain their objectivity by avoiding actual and perceived conflict in relation to the activities they audit.

The appointed bidder shall:

- Have no executive or managerial powers, functions, or duties except those relating to the project.
- Not be involved in the day-to-day operations of the municipality.

## **11. REPORT OF AUDIT RESULTS**

The internal audit report(s), including findings and recommendations, should be sent to the Senior Manager (auditee) responsible for implementing those recommendations for their review and comment. Within five (5) days of sending the report(s), the successful service provider shall meet with the auditee to discuss the findings and obtain written responses to recommendation together with implementations dates. If no response to the findings has been received, the matter shall be escalated to the Accounting Officer, and later included as part of reporting to the Audit Committee.

The final audit report should be sent to the Accounting Officer and all Senior Managers responsible for the agreed upon actions in terms of the report.

## **12 TIMING OF ASSIGNMENTS**

The Audit Committee shall approve the three-year audit coverage plan before implementation. The performance of each assignment that is not in the audit coverage plan shall be agreed to by the Audit Committee and Top Management by not later than one (1) month before work is due to commence.

## **13 MONITORING PROGRESS OF ASSIGNMENT**

At every ordinary meeting of the Audit Committee, the successful Bidder shall meet with the Audit Committee to report on the implementation of the internal audit annual plan.

## **14 APPOINTMENT, COMMENCEMENT AND DURATION**

The successful bidder will be appointed for a period of one (1) year effective from the date of signing the service level agreement.

## **15 CONTRIBUTION BY MUNICIPALITY**

The current internal Audit staff is committed to work with the bidder towards maintenance of the highest of the highest ethical standards can influence employees positively to accomplishment of the strategic objectives of the municipality.

All Internal Auditors have laptops there are enough memory sticks and portable printers to allow Internal Auditors to perform audits. The successful bidder should provide laptops and audits software for their staff members.

## **16 SPECIAL CONDITIONS**

16.1. The period of the contract will be for a period of 12 months effective from the Date of appointment.

16.2. In the course of performing their duties, the Internal Auditors appointed will be bound by the Code of Conduct for Internal Auditors as reflected in the International Standards for the Professional Practice of Internal Audit, and the Confidentiality requirements as dictated by the policies of Mhlontlo Municipality.

16.3. Mhlontlo Municipality reserves the right to reject any proposal found to be inadequate or non-compliant to the Terms of Reference.

16.4. The successful bidder(s) must sign a Service Level Agreement (SLA) with Mhlontlo Municipality.

16.5. The bidder may not intend to assign, in whole or in part, any of its obligations to perform in terms of the contract to any third party, unless the Municipal Manager has prior to the assignment, consented in writing to the assignment.

16.6. A bidder may not intend to cede his right to payment in terms of a contract to a third party without the prior written consent of the Municipal Manager.

16.7. A bidder may not by means of cession, cede any of his obligations to perform in terms of a contract to any third party.

16.8. Payments will be made within thirty (30) days from the date of receiving an original valid invoice.

16.10. The proposed Project Leader must be assigned to the project for the full duration of the contract.

16.11. In the event that it becomes necessary, the service provider must apply in writing to Mhlontlo Municipality for approval to replace the Project Leader with a similarly qualified and skilled person.

16.12. Payment for services will be conducted on the basis of identified milestones in respect of each audit project, projected cash flows and project plan as agreed with the service provider.

16.13. Bidders must provide certified copies of qualification(s) and registration with a professional body (certified copies must not be older than three months).

16.14. Surety is required to determine the financial position of a firm. **N.B.** Bidders who fail to submit surety will automatically be disqualified.

## **17 BID PRICING STRUCTURE**

The service provider must include a breakdown of the hourly tariffs applicable for any adhoc projects that may be requested.

In reviewing the quoted fees, the service provider may use the Auditor General rates as guidelines.

Tariffs will be fixed for the 12 months and adjustments will be allowed thereafter on an annual basis. Such adjustments will be linked to the inflation rate index and therefore proof of increase must be submitted before the increase will be effected.

The service provider must motivate its proposal by referring to internal audit benchmarks in South Africa and international best practice for similar organization.

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## INVITATION TO BID

**YOU ARE HEREBY INVITED TO BID FOR REQUIREMENTS OF THE  
MHLONTLO LOCAL MUNICIPALITY**

BID NUMBER: **IA-PAS-003-2018** CLOSING DATE: 16/05/ 2018 CLOSING TIME: **12H00**

DESCRIPTION: **COMPLETION OF 2017/2018 INTERNAL AUDIT PLAN.**

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**The bidder is required to fill in Form (MBD 4, 8 and 9).**

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BID DOCUMENTS MAY BE POSTED TO:

**Mhlontlo Local Municipality Offices, P.O. Box 31 Qumbu 5180**

**OR**

DEPOSITED IN THE BID BOX SITUATED AT (*STREET ADDRESS*)

96 Church Street

Qumbu

5180

**Bidders should ensure that bids are delivered timeously to the correct address.  
If the bid is late, it will not be accepted for consideration.**

The bid box is generally open 24 hours a day, 7 days a week.

THIS BID IS SUBJECT TO THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT AND THE PREFERENTIAL PROCUREMENT REGULATIONS, 2011, THE GENERAL CONDITIONS OF CONTRACT (GCC) AND, IF APPLICABLE, ANY OTHER SPECIAL CONDITIONS OF CONTRACT

**NB: NO BIDS WILL BE CONSIDERED FROM PERSONS IN THE SERVICE OF THE STATE (as defined in Regulation 1 of the Local Government: Municipal Supply Chain Management Regulations)**

*THE FOLLOWING PARTICULARS MUST BE FURNISHED*

***(FAILURE TO DO SO MAY RESULT IN YOUR BID BEING DISQUALIFIED)***

NAME OF BIDDER: .....

POSTAL ADDRESS: .....

STREET ADDRESS: .....

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

CELLPHONE NUMBER: .....

FACSIMILE NUMBER: CODE ..... NUMBER: .....

E-MAIL ADDRESS: .....

VAT REGISTRATION NUMBER: .....

HAS AN ORIGINAL AND VALID TAX CLEARANCE CERTIFICATE BEEN ATTACHED?  
YES/NO

HAS A B-BBEE STATUS LEVEL VERIFICATION CERTIFICATE BEEN SUBMITTED?  
YES/NO

IF YES, WHO WAS THE CERTIFICATE ISSUED BY?

- AN ACCOUNTING OFFICER AS CONTEMPLATED IN THE CLOSE CORPORATION ACT (CCA)
- A VERIFICATION AGENCY ACCREDITED BY THE SOUTH AFRICAN NATIONAL ACCREDITATION SYSTEM (SANAS)
- A REGISTERED AUDITOR

(Tick applicable box)

**(A B-BBEE STATUS LEVEL VERIFICATION CERTIFICATE MUST BE SUBMITTED IN ORDER TO QUALIFY FOR PREFERENCE POINTS FOR B-BBEE)**

**ARE YOU THE ACCREDITED REPRESENTATIVE IN SOUTH AFRICA FOR THE GOODS/SERVICES/WORKS OFFERED?**

**YES/NO  
(IF YES ENCLOSE PROOF)**

SIGNATURE OF BIDDER: .....

DATE: .....

CAPACITY UNDER WHICH THIS BID IS SIGNED: .....

BID PRICING SCHEDULE                      **YES/NO**      TOTAL NUMBER OF ITEMS OFFERED: .....  
**(IF YES ENCLOSE PROOF)**

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

**Municipality** : Mhlontlo Local Municipality

**Department** : Supply Chain Management

**Contact Person** : Mr. T Mbono

**Tel** : 047 553 7000

**Fax** : 047 553 0189

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

**Department** : BUDGET AND TREASURY

**Contact Person** : Ms. L. Mdingi

**Tel** : 047 553 7000

**Fax** : 047 553 0189

## **DECLARATION OF INTEREST**

1. No bid will be accepted from persons in the service of the state\*.
2. Any person, having a kinship with persons in the service of the state, including a blood relationship, may make an offer or offers in terms of this invitation to bid. In view of possible allegations of favouritism, should the resulting bid, or part thereof, be awarded to persons connected with or related to persons in service of the state, it is required that the bidder or their authorised representative declare their position in relation to the evaluating/adjudicating authority and/or take an oath declaring his/her interest.

3 In order to give effect to the above, the following questionnaire must be completed and submitted with the bid.

3.1 Full Name: .....

3.2 Identity Number: .....

3.3 Company Registration Number: .....

3.4 Tax Reference Number: .....

3.5 VAT Registration Number: .....

3.6 Are you presently in the service of the state\* **YES / NO**

3.6.1 If so, furnish particulars.

\_\_\_\_\_

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

- (a) a member of –
  - (i) any municipal council;
  - (ii) any provincial legislature; or
  - (iii) the national Assembly or the national Council of provinces;
- (b) a member of the board of directors of any municipal entity;
- (c) an official 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.



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3.7 Have you been in the service of the state for the past **YES / NO**  
twelve months?

3.7.1 If so, furnish particulars.

.....

.....

3.8 Do you, have any relationship (family, friend, other) with persons in the service of the state and who  
may be involved with the evaluation and or adjudication of this bid?

3.8.1 If so, furnish particulars.

.....

.....

3.9 Are you, aware of any relationship (family, friend, other) between a bidder and any persons in the service of the  
state who may be involved with the evaluation and or adjudication of this bid?

3.9.1 If so, furnish particulars

.....

.....

3.10 Are any of the company's directors, managers, principal shareholders or stakeholders in service of the state?

YES / NO

3.10.1 If so, furnish particulars.

.....

3.11 Are any spouse, child or parent of the company's directors, managers, principal shareholders or stakeholders in service of the state?

YES / NO

3.11.1 If so, furnish particulars.

.....

**CERTIFICATION**

I, THE UNDERSIGNED (NAME) .....

**CERTIFY THAT THE INFORMATION FURNISHED ON THIS DECLARATION FORM IS CORRECT.**

**I ACCEPT THAT THE STATE MAY ACT AGAINST ME SHOULD THIS DECLARATION PROVE TO BE**

**FALSE.**

.....

Signature

.....

Date

.....

Position

.....

Name of Bidder

## **DECLARATION OF BIDDER'S PAST SUPPLY CHAIN MANAGEMENT PRACTICES**

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

Item	Question	Yes	No
4.1	<p>Is the bidder or any of its directors listed on the National Treasury's Database of Restricted Suppliers as companies or persons prohibited from doing business with the public sector?</p> <p>(Companies or persons who are listed on this Database were informed in writing of this restriction by the Accounting Officer/Authority of the institution that imposed the restriction after the <i>audi alteram partem</i> rule was applied).</p> <p><b>The Database of Restricted Suppliers now resides on the National Treasury's website(<a href="http://www.treasury.gov.za">www.treasury.gov.za</a>) and can be accessed by clicking on its link at the bottom of the home page.</b></p>	<p>Yes</p> <p><input type="checkbox"/></p>	<p>No</p> <p><input type="checkbox"/></p>
4.1.1	<p>If so, furnish particulars:</p>		
4.2	<p>Is the bidder or any of its directors listed on the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004)?</p> <p><b>The Register for Tender Defaulters can be accessed on the National Treasury's website (<a href="http://www.treasury.gov.za">www.treasury.gov.za</a>) by clicking on its link at the bottom of the home page.</b></p>	<p>Yes</p> <p><input type="checkbox"/></p>	<p>No</p> <p><input type="checkbox"/></p>
4.2.1	<p>If so, furnish particulars:</p>		
4.3	<p>Was the bidder or any of its directors convicted by a court of law (including a court of law outside the Republic of South Africa) for fraud or corruption during the past five years?</p>	<p>Yes</p> <p><input type="checkbox"/></p>	<p>No</p> <p><input type="checkbox"/></p>

4.3.1	If so, furnish particulars:		
Item	Question	Yes	No
4.4	Does the bidder or any of its directors owe any municipal rates and taxes or municipal charges to the municipality / municipal entity, or to any other municipality / municipal entity, that is in arrears for more than three months?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.4.1	If so, furnish particulars:		
4.5	Was any contract between the bidder and the municipality / municipal entity or any other organ of state terminated during the past five years on account of failure to perform on or comply with the contract?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.7.1	If so, furnish particulars:		

**CERTIFICATION**

**I, THE UNDERSIGNED (FULL NAME) .....**

**CERTIFY THAT THE INFORMATION FURNISHED ON THIS  
DECLARATION FORM TRUE AND CORRECT.**

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

.....

**Signature**

.....

**Date**

.....

**Position**

.....

**Name of Bidder**

**MBD 9**

**CERTIFICATE OF INDEPENDENT BID DETERMINATION**

- 1 This Municipal Bidding Document (MBD) must form part of all bids<sup>1</sup> invited.
- 2 Section 4 (1) (b) (iii) of the Competition Act No. 89 of 1998, as amended, prohibits an agreement between, or concerted practice by, firms, or a decision by an association of firms, if it is between parties in a horizontal relationship and if it involves collusive bidding (or bid rigging).<sup>2</sup> Collusive bidding is a *pe se* prohibition meaning that it cannot be justified under any grounds.
- 3 Municipal Supply Regulation 38 (1) prescribes that a supply chain management policy must provide measures for the combating of abuse of the supply chain management system, and must enable the accounting officer, among others, to:
  - a. take all reasonable steps to prevent such abuse;
  - b. reject the bid of any bidder if that bidder or any of its directors has abused the supply chain management system of the municipality or municipal entity or has committed any improper conduct in relation to such system; and
  - c. cancel a contract awarded to a person if the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract.

- 4 This MBD serves as a certificate of declaration that would be used by institutions to ensure that, when bids are considered, reasonable steps are taken to prevent any form of bid-rigging.
- 5 In order to give effect to the above, the attached Certificate of Bid Determination (MBD 9) must be completed and submitted with the bid:

<sup>1</sup> Includes price quotations, advertised competitive bids, limited bids and proposals.

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

### **CERTIFICATE OF INDEPENDENT BID DETERMINATION**

I, the undersigned, in submitting the accompanying bid:

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(Bid Number and Description)

in response to the invitation for the bid made by:

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(Name of Municipality / Municipal Entity)

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

I certify, on behalf of: \_\_\_\_\_ that:

(Name of Bidder)

1. I have read and I understand the contents of this Certificate;
2. I understand that the accompanying bid will be disqualified if this Certificate is found not to be true and complete in every respect;

3. I am authorized by the bidder to sign this Certificate, and to submit the accompanying bid, on behalf of the bidder;
4. Each person whose signature appears on the accompanying bid has been authorized by the bidder to determine the terms of, and to sign, the bid, on behalf of the bidder;
5. For the purposes of this Certificate and the accompanying bid, I understand that the word "competitor" shall include any individual or organization, other than the bidder, whether or not affiliated with the bidder, who:
  - (a) has been requested to submit a bid in response to this bid invitation;
  - (b) could potentially submit a bid in response to this bid invitation, based on their qualifications, abilities or experience; and
  - (c) provides the same goods and services as the bidder and/or is in the same line of business as the bidder

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6. The bidder has arrived at the accompanying bid independently from, and without consultation, communication, agreement or arrangement with any competitor. However communication between partners in a joint venture or consortium<sup>3</sup> will not be construed as collusive bidding.
7. In particular, without limiting the generality of paragraphs 6 above, there has been no consultation, communication, agreement or arrangement with any competitor regarding:
  - (a) prices;
  - (b) geographical area where product or service will be rendered (market allocation)
  - (c) methods, factors or formulas used to calculate prices;
  - (d) the intention or decision to submit or not to submit, a bid;
  - (e) the submission of a bid which does not meet the specifications and conditions of the bid; or
  - (f) bidding with the intention not to win the bid.
8. In addition, there have been no consultations, communications, agreements or arrangements with any competitor regarding the quality, quantity, specifications and



conditions or delivery particulars of the products or services to which this bid invitation relates.

9. The terms of the accompanying bid have not been, and will not be, disclosed by the bidder, directly or indirectly, to any competitor, prior to the date and time of the official bid opening or of the awarding of the contract.

<sup>3</sup> Joint venture or Consortium means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract.

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10. I am aware that, in addition and without prejudice to any other remedy provided to combat any restrictive practices related to bids and contracts, bids that are suspicious will be reported to the Competition Commission for investigation and possible imposition of administrative penalties in terms of section 59 of the Competition Act No 89 of 1998 and or may be reported to the National Prosecuting Authority (NPA) for criminal investigation and or may be restricted from conducting business with the public sector for a period not exceeding ten (10) years in terms of the Prevention and Combating of Corrupt Activities Act No 12 of 2004 or any other applicable legislation.

.....  
Signature

.....  
Date

.....  
Bidder's Name

.....  
Position