



MHLONTLO LOCAL MUNICIPALITY

**TENDER DOCUMENT FOR PROVISION FOR BANKING SERVICES PERIOD
OF 5 YEARS**

BID NOTICE NO: BS-BTOR-MLM-2022/2023MHLM

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: _____

1. ADVERTISEMENT

PROJECT NAME	CONTRACT NUMBER	ADVERT DATE	CLOSING DATE
PROVISION FOR BANKING SERVICES PERIOD OF 5 YEARS	BS-BTOR-MLM-2022/2023MHLM	17/04/2023	21 July 2023 @ 12H00

Mhlontlo Local Municipality is requesting quotations from suitable qualified service providers for **PROVISION FOR BANKING SERVICES PERIOD OF 5 YEARS**. Tender document will be available on the Mhlontlo Website www.mhlontlo.m.gov.za and E-tender website www.etenders.gov.za

SPECIFICATION

TERMS OF REFERENCE

It is the intention of the Mhlontlo Local Municipality to enter into a formal contract with a service provider that will carry out the services described hereunder. These Terms of Reference and the service provider's proposal will form the basis of the contract.

BACKGROUND

In terms Section 7 of the Municipal Finance Management Act 56 of 2003, a municipality must open and maintain at least one bank account in the name of the municipality.

All money received by a municipality must be paid into its bank account or accounts, and this must be done promptly and in accordance with Chapter 3 of the MFMA and any requirements that may be prescribed.

1. Legislative Compliance:

All banks must be registered in terms of the Bank Act 94 of 1990, as per Section 7 3(b) of the MFMA Act no 56 of 2003.

The banks must also be a member of the Payments Association and Credit Clearance House.

Bidders are expected to incorporate into their banking solution proposal that will ensure compliance with the following: -

- Constitution of R.S.A, Act 108 of 1996
- Municipality Systems Act 32 of 2000 as amended
- Municipal Finance Management Act 56 of 2003
- Any other applicable legislation

2. Purpose

To achieve the above the banking service provider must:

- Have a Relationship Manager / team based within the Mhlontlo Local Municipality, preferable in the same area as the head office.
- Provide consolidated reports on all bank accounts of Mhlontlo Local Municipality.
- Provide daily electronic downloads of transactions.
- Provide a central point for enquiry services that will allow a 24 hour turnaround time.
- Provide overdraft facilities in accordance with section 45 of the MFMA.
- Facilitate electronic payroll facilities to all permanent staff.
- Provide an integrated banking solution for payments and receipts that is cost effective and efficient.
- Facilitate electronic payment system for sundry & creditors payments.
- Facilitate cheque payments.
- Render daily cash collection and banking services for all monies collected from the cashiers of Mhlontlo Local Municipality main and satellite offices.

Physical Banking and Service Administration

Footprint.

- i. Availability of branches, service points and support staff within the area of Mhlontlo Local Municipal;

- ii. Availability of points for the public to pay municipal accounts within the subscribed municipal area.

3. **Specification and requirements**

Services and Costs

- a. Online Cheque Stopping Facility;
- b. Online Banking Security;
- c. Online Customer Transactions;
- d. High volume transactions.
- e. Identification of allocated deposits
 - The bidder must indicate whether it has a direct online stop payments facility and the reversal thereof,
 - Has a direct online to enquire to the status of banked cheques
 - Has ability to handle large volumes on line
 - Indicate whether it can supply online photographic images of all banked cheques and if not in what format is this information available.
 - Has direct online function to enquire on the status of all relevant bank accounts
 - The bidder must provide solutions to identify and reduce unknown receipts

Cost Structures

- a. Bank Charges and the time frame that the rates will be effective for: -
 - i. Monthly Services;
 - ii. Deposits and cheque payments;
 - iii. Other charges;

iv. Internet Banking.

b. Financing Rates;

i. Overdraft;

ii. Asset Based Finance;

iii. Operating Rentals.

Investment Portfolio

a. Products;

b. Charges;

i. Administration;

ii. Commission;

iii. Switching Funds.

c. Administration of the Portfolio;

d. Interest earned on available funds.

Banking Services and Product Range:

The bidder must provide a full set of electronic and other banking products and services to the Municipality such as-:

A. **Cash Handling Service;**

- Supply information indicating procedures and authorization requirements for cash deposits, withdrawals, cheque payments, stop payments instructions and any other services provided relating to the handling of cash and cheques with the associated costs,
- Can sort information based on deposit identification;
- Can provide real time cash management information to optimize the municipality's fund management;
- Can provide one main charges account for all the bank charges including our third party charges

B. Cheque Accounts;

- Indicate whether it is capable of providing systems for printing of cheques with the necessary payment details
- Indicate whether it can provide cheque retention facilities
- Indicate what services it offers in terms of printing, supply and safekeeping of all cheque forms
- Demonstrate the ability to investigate and recover losses arising from fraudulent negotiations of cheques

C. Overdraft facilities;

D. Daily aggregation of deposit accounts and cheque cashing facilities;

E. The provision of interfaces between the bank's electronic system and the municipality to enable electronic reconciliations;

- Provide electronic identification and reconciliation of counter deposits;

G. Electronic Banking.

- Provide electronic bank statements the following day after deposits are made;
- Multi-layered security enabling individual access to transfers and/or enquiries irrespective of physical with audit trail capabilities;
- Has the capacity in order for the municipality to identify and offer modular cash management functionalities;
- Must be able to operate as a house keeper if more than one banker is involved to facilitate the daily sweeping;
- Have predetermined electronic payments set up with standards payments details for both third party payments and internal transfers;
- Have adhoc electronic transferred for 3rd party payments and internal transfers;
- Has the ability to assist the municipality in applying limits to transactions and account and the monitoring thereof;
- Provide for deposit identification with electronic transfers and deposits, the number and type of characteristics should be supplied;
- Has the ability to supply information pertaining to unpaid ACB transactions;
- Has the ability to transact electronically via the bank with suppliers of goods and services as and when required;

H. Reporting, Audit Trails and Queries

- Supply information of its ability to provide daily and monthly cash management reports and statements;
- Provide information as to what audit trails will be available in what form and how daily and adhoc queries will be addressed. Response time to supply statements should be stated;
- Indicate whether it can provide a breakdown of information of the bank charges and costs to allow the municipality to reconcile with proposal prices;
- Indicate any additional costs that are incurred with the supply of the information;

- Demonstrate executive reporting facilities to assist in the control and monitoring of accounts and exceptions reporting for amounts that exceed a specific limit and unusual patterns of spending.

I. **Non-financial and Additional Services.**

- a. General Advice;
- b. Bank Training for applicable municipality staff;
- c. Risk Management.

J. **Project and Asset Financing Products/ Corporate accounts**

- a. Leasing (buildings and machinery);
- b. Financing (buildings and machinery);
- c. Rentals;
- d. Fleet management services;
- e. Maintenance;
- f. Hire purchase;
- g. Capital Projects
- h. Travel corporate account

SPECIFIC REQUIREMENTS AND ISSUES

- K. **Short Term Facilities required (if there is a cost involved for this service please include it in the Pricing Schedule)**

The municipality may require either cash backed or non-cash backed guarantees from the Bank. Please ensure that there is a facility available at all times and give indicative rates for such facilities.

The Proposal must also indicate what the pricing will be on positive or credit balances. Proposals may also consider proposing different rates for different levels of facilities and or balances.

L. **Custodian Services (if there is a cost involved for this service please include it in the Pricing Schedule)**

Other safe custody services for material other than financial script must also be included in this section.

M. **Settlement Agent (if there is a cost involved for this service please include it in the Pricing Schedule)**

The Bidder must indicate whether it is an official settlement agent of the Bond Exchange of South Africa.

N. Other Services (If there is a cost involved for this service please include it in the Pricing Schedule. If the cost relating to this offering is for the Municipality or the Employees then this must be clearly stated on the pricing schedule)

Please provide in detail any tailor-made products and services to Employees of the Municipality amongst other the following:

- Group Schemes;
- Health Care Facilities;
- Vehicle Schemes;
- Retirement Funds and Other Insurance Scheme;
- Housing / Bond Facility;
- Financial Advisory Services; and

O. Computer Systems and Technical Equipment (if there is a cost involved for this service please include it in the Pricing Schedule)

Please provide a technical specification to enable the Bidder to interface with the computer systems of the Municipality.

Any additional hardware that would be required to ensure that the Municipality's IT system functions effectively.

The Communication Software that will be made available to allow the systems to link and talk to each other.

Information on the connection protocol or service provider that the Bidder must subscribe to.

Security assurance and confidentiality in connectivity between the Municipality and the Bidder.

All IT related roles and responsibilities must be clearly outlined.

P. Security Procedure and Insurance (if there is a cost involved for this service please include it in the Pricing Schedule)

Please provide information as to what security procedures are being followed to prevent fraudulent practices in terms of commerce, cheques, cash, etc.

Please provide information as to what insurance arrangements are in place or should be put in place as part of the Proposal to protect the Municipality against any loss, and the cost thereof.

Outline a plan to provide the Municipality's senior management and its employees with ongoing advice and training on fraud prevention and methods of detecting fraud.

Advice and facilities to detect money-laundering activities.

Q. Training and Skills Transfer (if there is a cost involved for this service please include it in the Pricing Schedule)

The Municipality is continuously focusing on the skilling and the training of its Staff. The Bidder is required to provide the Municipality with a detailed proposal outlining a training strategy and plan with timeframes with regard to, among others, the following.

Training that will be provided on the various banking products and facilities that will

be used by the Municipality.

- Training of Front-Line Staff
- Training on Customer Care, Cash Handling, Detection of fraud, etc.
- Continuous on-site training on the use of the Bidders electronic banking systems.

R. Service Level Agreement

The Bidder must provide a pro forma copy of a service level agreement that will allow the Municipality to monitor the performance under the contract and have remedies on how best to solve the problem. When every avenue has been exhausted the Municipality may decide on its discretion to terminate the agreement.

The service level agreement must also indicate how costs and services are evaluated and adjusted on a regular basis. **The quoted prices will be subject to a maximum annual increase in CPI, based on the proposed level of service.** Where the Bidders provide for a smaller adjustment, this should be clearly indicated in this manner. The Service Level Agreement shall be subject to scrutiny and negotiate with the Municipality.

S. Demonstrating financial stability and viability of The Bidder

The Bidders must demonstrate in written submission the financial stability of their organisation for detailed evaluation. The Bidders are therefore obliged to furnish the Municipality with their latest credit rating report prepared by an independent credit rating agency.

- Bank contact centre numbers must be made available to place on all ads to encourage our customers to register for electronic banking to pay accounts.

- All payment points and other Centres identified where payment is made to be equipped with Debit Card Facilities.

T. Social Responsibilities

Please outline in detail your contribution to Social Development making reference to amongst others the following:

- Community Development Initiatives
- Community Projects
- Corporate Social Investment
- SMME access to finances particularly targeted to geographical area of Mhlontlo Local Municipality
- Financing initiatives to the lower income groups
- Enterprise Development
- Empowerment Financing
- Education
- Job Creation
- Community Based HIV/AIDS Programme

IMPLEMENTATION SCHEDULE

- The service provider will be responsible for the compilation of the “Project Programme”, detailing activities and time frames for provision of the Terms of Reference. This should be provided to Mhlontlo Local Municipality within a week of appointment and presented to the Project Manager.
- Any deviation from the accepted Programme should be pre-negotiated with the Municipality.

V.FURTHER REQUIREMENTS FOR THE PROVISION OF BANKING SERVICES TO THE MHLONTLO LOCAL MUNICIPALITY

1. All Bidders must be registered in terms of the Bank Act 1990, Act 94 of 1990. Proof of registration to be provided. Failure to provide proof of registration will result in the proposal not being considered.
2. Key individual (s) of the Relationship Management team (C.V of the manager / operators of the service to be included in the bid submission).
3. Proof of Financial standing and access to Capital, Level of Capital / Cash flow required for this project funded through equity / loans (min 30% from own resources).
4. Clear legal Structure / Shareholding of internal reward and risk sharing for the project.
5. The contract will be for duration of 5 years.

(a) Availability of Funds.

Funds are available from Equitable Share

(b) Points Allocation

PRICE	80
SPECIFIC GOALS	20

TOTAL POINTS FOR PRICE AND SPECIFIC GOALS 100

The 80/20 preference system will be used as per SCM policy, where 80 points will be for price and 20 for Specific Goals.

(c) DURATION FOR CLOSING DATE AND TIME

Closing date will be on 21st July 2023 at 12:00 PM.

(d) SUPPORTING DOCUMENTS NEEDED.

1. Central Supplier Database Number (CSD Number)
2. Tenderers are required to submit the Company Profile with contactable references.
3. Tenderers must submit certified copy for B-BBEE certificate and must be **SANAS approved/SWORN affidavit**
4. Proof of Municipal rates, not later than one month or lease agreement
5. SARS Tax compliance status pin.
6. All MBD Forms from 1 TO 9 must signed by directors

Failure to supply all supplementary information may result in the tender being deemed an incomplete tender and may not be considered forward.

(e) CONDITIONS OF THE TENDER

- Mhlontlo Local Municipality Supply Chain Policy Management will apply.
- The Council is not bound to accept the lowest or any tender and or part thereof and the Council reserves the right to accept any tender in whole or in part.
- All electronic, telegraphic, telefax, e-mail and late tenders will not be considered and tenders not deposited in the tender box as prescribe in this notice will not be considered as well.
- Mhlontlo local Municipality does not bind itself to accept the lowest proposal.

(f) METHOD OF PROCUREMENT

It should be competitive bidding because of estimated budgeted amount.

Evaluation Criteria

Received Responsive bids will be evaluated based on the following:

- Stage 1- Functionality
- Stage 2- Price and MHLM Specific Goals

ITEM	Weight
STAGE 1 OF EVALUATION – FUNCTIONALITY	
Functionality	100
<ul style="list-style-type: none"> • <u>Previous Experience</u> 	
Five similar projects	50
Four-three similar projects	30
Two-one similar projects	20
No similar project	0
<p>The banker must submit appointment letter and confirmation reference letters. The letter must be signed and officially stamped by an authorised person</p>	
<ul style="list-style-type: none"> • <u>Foot Print</u> 	30
Foot print (availability of branches / satellite offices within Mhlontlo Municipality),	5
Availability of banking foot prints across Mhlontlo Local Municipality Towns (Tsolo and Qumbu).	5
Proof of cash handling facility,	10
If money is deposited in cash handling facility that is within the Municipality,	10
<ul style="list-style-type: none"> • <u>Service Proposal:</u> 	

Clear of work plan	20
No Work plan	0
STAGE 2 OF EVALUATION – PRICE & PREFERENTIAL POINTS	
Specific goals	20
Price	80
TOTAL	100

. NOTE: Only bidders who scored 70% and more on stage 1 to be evaluated further on price evaluation.

The advert should be compiled by the SCM Officer after the approval of specification.

Bids submitted are hold good for a period of 90 days and Must be deposited in the tender Box at the Mhlontlo Local Municipality 96 church Street Qumbu 5180, by no later than the closing date at 12:00PM. Faxed or electronic submission of documents will not be accepted. Mhlontlo Local Municipality reserves the right to withdraw any invitation to tender and/or to re-advertise or to reject any tender or to accept a part of it. The Municipality does not bind itself to accepting the lowest tender or any tender.

(g). Enquiries: regarding bid documents, please contact Ms. B. Jara at 066 485 7564. For technical enquiries please contact the Mr M. Ntonta, mntonta@mhlontloim.gov.za (Revenue office) of Mhlontlo Local Municipality, @071 761 0449

MR L Ndabeni

MUNICIPAL MANAGER

INVITATION TO BID

MBD 1

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

BID NUMBER: BS-BTOR-MLM-2022/2023MHLM

CLOSING DATE: 21st of July 2023

CLOSING TIME: **12:00 pm**

DESCRIPTION: PROVISION FOR BANKING SERVICES PERIOD OF 5 YEARS

The successful bidder will be required to fill in and sign a written Contract Form (MBD 7).

BID DOCUMENTS MAY BE POSTED TO:

MHLONTLO LOCAL MUNICIPALITY

P.O. BOX

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.

ALL BIDS MUST BE SUBMITTED ON THE OFFICIAL FORMS – (NOT TO BE RE-TYPED)

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? (MBD 2) YES/NO
HAS A B-BBEE STATUS LEVEL VERIFICATION CERTIFICATE BEEN SUBMITTED? (MBD 6.1) 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

TOTAL BID PRICE.....

TOTAL NUMBER OF ITEMS OFFERED

ANY ENQUIRIES REGARDING THE BIDDING PROCEDURE MAY BE DIRECTED TO:

Municipality / Municipal Entity: Mhlontlo Local Municipality

Department: BTO

Contact Person: MS B JARA (SCM)

Tel: 066 485 7564

Fax: 047 553 0189

ANY ENQUIRIES REGARDING TECHNICAL INFORMATION MAY BE DIRECTED TO:

Contact Person: Mrs Dyomfana

Tel: 082 827 9228

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

* 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;

3.6.1 If so, furnish particulars.

.....
.....

3.7 Have you been in the service of the state for the past
twelve months?

YES / NO

3.7.1 If so, furnish particulars.

.....
.....

3.9.1 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?

-
- (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.

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

MBD 6.1

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

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

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

1. GENERAL CONDITIONS

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

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

1.2 To be completed by the organ of state

(delete whichever is not applicable for this tender).

The applicable preference point system for this tender is the **90/10** preference point system.

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

Either the **90/10 or 80/20 preference point system** will be applicable in this tender. The lowest/ highest acceptable tender will be used to determine the accurate system once tenders are received.

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

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

1.4 To be completed by the organ of state:

The maximum points for this tender are allocated as follows:

	POINTS
PRICE	80
SPECIFIC GOALS	20
TOTAL POINTS FOR PRICE AND SPECIFIC GOALS	100

- 1.4 Failure of a bidder to submit proof of specific goals claimed will be interpreted to mean that preference points for specific goals are not claimed.
- 1.5 The purchaser reserves the right to require of a bidder, either before a bid is adjudicated or at any time subsequently, to substantiate any claim in regard to preferences, in any manner required by the purchaser.

2. DEFINITIONS

- (a) **“all applicable taxes”** includes value-added tax, pay as you earn, income tax, unemployment insurance fund contributions and skills development levies;
- (b) **“bid”** means a written offer in the form determined by an organ of state in response to an invitation to provide goods or services through price quotations, competitive tendering process or any other method envisaged in legislation and “bid” has a corresponding meaning
- (c) **“comparative price”** means the price after the factors of a non-firm price and all unconditional discounts that can be utilized have been taken into consideration;
- (d) **“consortium or joint venture”** 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;
- (e) **“contract”** means the agreement that results from the acceptance of a bid by an organ of state;

- (f) **“EME”** means an Exempted Micro Enterprise as defines by Codes of Good Practice issued in terms of section 9 (1) of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
- (g) **“Firm price”** means the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy, or tax, which, in terms of the law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract;
- (h) **“non-firm prices”** means all prices other than “firm” prices;
- (i) **“person”** includes a juristic person;
- (j) **“QSE”** means a Qualifying Small Enterprise as defines by Codes of Good Practice issued in terms of section 9 (1) of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
- (k) **“rand value”** means the total estimated value of a contract in Rand, calculated at the time of the tender invitation;
- (l) **“Reconstruction and Development Programme”** the Reconstruction and Development Programme as published in Government Gazette No. 16085 dated 23 November 1994;
- (m) **“specific goals”** means specific goals as contemplated in section 2(1)(d) of the Act which may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender and disability including the implementation of programmes of the Reconstruction and Development Programme as published in Government Gazette No. 16085 dated 23 November 1994;
- (n) **“total revenue”** bears the same meaning assigned to this expression in the Codes of Good Practice; (o) **“trust”** means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person; and

- (p) **“trustee”** means any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person.
- (q) **“Disability”** means, in respect of a person, a permanent impairment of a physical, intellectual, or sensory function, which results in restricted, or lack of, ability to perform an activity in the manner, or within the range, considered normal for a human being.
- (r) **“tender for income-generating contracts”** means a written offer in the form determined by an organ of state in response to an invitation for the origination of income-generating contracts through any method envisaged in legislation that will result in a legal agreement between the organ of state and a third party that produces revenue for the organ of state, and includes, but is not limited to, leasing and disposal of assets and concession contracts, excluding direct sales and disposal of assets through public auctions.

2. FORMULAE FOR PROCUREMENT OF GOODS AND SERVICES

POINTS AWARDED FOR PRICE

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

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

80/20 or 90/10

$$P_s = 80 \left(1 - \frac{P_t - P_{min}}{P_{min}} \right) \text{ or } P_s = 90 \left(1 - \frac{P_t - P_{min}}{P_{min}} \right)$$

Where

P_s = Points scored for price of tender under consideration

P_t = Price of tender under consideration

P_{min} = Price of lowest acceptable tender

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

3.1.1. POINTS AWARDED FOR PRICE

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

$$Ps = 80 \left(1 + \frac{Pt - Pmax}{Pmax} \right) \text{ or } Ps = 90 \left(1 + \frac{Pt - Pmax}{Pmax} \right)$$

Where

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

4. POINTS AWARDED FOR SPECIFIC GOALS

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

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

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

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

The specific goals allocated points in terms of this tender	Number of points allocated (90/10 system) (To be completed by the organ of state)	Number of points allocated (80/20 system) (To be completed by the organ of state)	Number of points claimed (90/10 system) (To be completed by the tenderer)	Number of points claimed (80/20 system) (To be completed by the tenderer)
Tender Price			90	80
HDI -Equity ownership			3 points	6 points
Youth-Enterprise 18-35 years (MLM)			3 points	6 points
Women-Equity ownership			2 points	4 points
Disability-Equity ownership			1 point	2 points
Rural Enterprise			1 point	2 points
SUB-TOTAL(Specific goals)			20	20
TOTAL			100	100

DECLARATION WITH REGARD TO COMPANY/FIRM

- 4.3. Name of company/firm.....
- 4.4. Company registration number:
- 4.5. TYPE OF COMPANY/ FIRM
- Partnership/Joint Venture / Consortium
 - One-person business/sole propriety
 - Close corporation
 - Public Company
 - Personal Liability Company
 - (Pty) Limited

- Non-Profit Company
- State Owned Company

[TICK APPLICABLE BOX]

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

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

.....

SIGNATURE(S) OF TENDERER(S)

SURNAME AND NAME:

DATE:

ADDRESS:

.....

.....

DECLARATION CERTIFICATE FOR LOCAL PRODUCTION AND CONTENT

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

Before completing this declaration, bidders must study the General Conditions, Definitions, Directives applicable in respect of Local Content as prescribed in the Preferential Procurement Regulations, 2011 and the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:201x.

1. General Conditions

- 1.1. Preferential Procurement Regulations, 2011 (Regulation 9.(1) and 9.(3) make provision for the promotion of local production and content.
- 1.2. Regulation 9.(1) prescribes that in the case of designated sectors, where in the award of bids local production and content is of critical importance, such bids must be advertised with the specific bidding condition that only locally produced goods, services or works or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.
- 1.3. Regulation 9.(3) prescribes that where there is no designated sector, a specific bidding condition may be included, that only locally produced services, works or goods or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered.
- 1.4. Where necessary, for bids referred to in paragraphs 1.2 and 1.3 above, a two stage bidding process may be followed, where the first stage involves a minimum threshold for local production and content and the second stage price and B-BBEE.
- 1.5. A person awarded a contract in relation to a designated sector, may not sub-contract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.
- 1.6. The local content (LC) as a percentage of the bid price must be calculated in accordance with the SABS approved technical specification number SATS 1286: 201x as follows:

$$LC = 1 - \left(\frac{x}{y} \right) \times 100$$

Where

- x imported content
- y bid price excluding value added tax (VAT)

Prices referred to in the determination of x must be converted to Rand (ZAR) by using the exchange rate published by the South African Reserve Bank (SARB) at 12:00 on the date, one week (7 calendar days) prior to the closing date of the bid as required in paragraph 4.1 below.

1.7. A bid will be disqualified if:

- the bidder fails to achieve the stipulated minimum threshold for local production and content indicated in paragraph 3 below; and.
- this declaration certificate is not submitted as part of the bid documentation.

2. Definitions

2.1. “**bid**” includes advertised competitive bids, written price quotations or proposals;

2.2. “**bid price**” price offered by the bidder, excluding value added tax (VAT);

2.3. “**contract**” means the agreement that results from the acceptance of a bid by an organ of state;

2.4. “**designated sector**” means a sector, sub-sector or industry that has been designated by the Department of Trade and Industry in line with national development and industrial policies for local production, where only locally produced services, works or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content;

2.5. “**duly sign**” means a Declaration Certificate for Local Content that has been signed by the Chief Financial Officer or other legally responsible person nominated in writing by the Chief Executive, or senior member / person with management responsibility (close corporation, partnership or individual).

2.6. “**imported content**” means that portion of the bid price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or its subcontractors) and which costs are inclusive of the costs abroad, plus freight and other direct importation costs, such as landing costs, dock duties, import duty, sales duty or other similar tax or duty at the South African port of entry;

2.7. “**local content**” means that portion of the bid price which is not included in the imported content, provided that local manufacture does take place;

2.8. **“stipulated minimum threshold”** means that portion of local production and content as determined by the Department of Trade and Industry; and

2.9. **“sub-contract”** means the primary contractor’s assigning, leasing, making out work to, or employing another person to support such primary contractor in the execution of part of a project in terms of the contract.

3. **The stipulated minimum threshold(s) for local production and content for this bid is/are as follows:**

<u>Description of services, works or goods</u>	<u>Stipulated minimum threshold</u>
_____	_____ %
_____	_____ %
_____	_____ %

4. Does any portion of the services, works or goods offered have any imported content? YES / NO

4.1 If yes, the rate(s) of exchange to be used in this bid to calculate the local content as prescribed in paragraph 1.6 of the general conditions must be the rate(s) published by the SARB for the specific currency at 12:00 on the date, one week (7 calendar days) prior to the closing date of the bid.

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

Indicate the rate(s) of exchange against the appropriate currency in the table below:

Currency	Rates of exchange
US Dollar	
Pound Sterling	
Euro	
Yen	
Other	

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

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

IN RESPECT OF BID No.

ISSUED BY: (Procurement Authority / Name of Municipality / Municipal Entity):
.....

NB The obligation to complete, duly sign and submit this declaration cannot be transferred to an external authorized representative, auditor or any other third party acting on behalf of the bidder.

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

(a) The facts contained herein are within my own personal knowledge.

(b) I have satisfied myself that the goods/services/works to be delivered in terms of the above-specified bid comply with the minimum local content requirements as specified in the bid, and as measured in terms of SATS 1286.

(c) The local content has been calculated using the formula given in clause 3 of SATS 1286, the rates of exchange indicated in paragraph 4.1 above and the following figures:

Bid price, excluding VAT (y)	R
Imported content (x)	R
Stipulated minimum threshold for Local content (paragraph 3 above)	
Local content % as calculated in terms of SATS 1286	

If the bid is for more than one product, a schedule of the local content by product shall be attached.

(d) I accept that the Procurement Authority / Municipality /Municipal Entity has the right to request that the local content be verified in terms of the requirements of SATS 1286.

(e) I understand that the awarding of the bid is dependent on the accuracy of the information furnished in this application. I also understand that the submission of incorrect data, or data that are not verifiable as described in SATS 1286, may result in the Procurement Authority / Municipal / Municipal Entity imposing any or all of the remedies as provided for in Regulation 13 of the Preferential Procurement Regulations, 2011 promulgated under the Policy Framework Act (PPPFA), 2000 (Act No. 5 of 2000).

SIGNATURE: _____

DATE: _____

WITNESS No. 1 _____

DATE: _____

WITNESS No. 2 _____

DATE: _____

DECLARATION OF BIDDER’S PAST SUPPLY CHAIN MANAGEMENT PRACTICES

- 1 This Municipal Bidding Document must form part of all bids invited.

- 2 It serves as a declaration to be used by municipalities and municipal entities in ensuring that when goods and services are being procured, all reasonable steps are taken to combat the abuse of the supply chain management system.

- 3 The bid of any bidder may be rejected if that bidder, or any of its directors have:
 - a. abused the municipality’s / municipal entity’s supply chain management system or committed any improper conduct in relation to such system;
 - b. been convicted for fraud or corruption during the past five years;
 - c. willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - d. been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

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

Item	Question	Yes	No
4.1	<p>Is the bidder or any of its directors listed on the National Treasury’s Database of Restricted Suppliers as companies or persons prohibited from doing business with the public sector?</p> <p>(Companies or persons who are listed on this Database were informed in writing of this restriction by the Accounting Officer/Authority of the institution that imposed the restriction after the <i>audi alteram partem</i> rule was applied).</p> <p>The Database of Restricted Suppliers now resides on the National Treasury’s website(www.treasury.gov.za) and can be accessed by clicking on its link at the bottom of the home page.</p>	<p>Yes</p> <input type="checkbox"/>	<p>No</p> <input type="checkbox"/>

4.1.1	If so, furnish particulars:		
4.2	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)? The Register for Tender Defaulters can be accessed on the National Treasury's website (www.treasury.gov.za) by clicking on its link at the bottom of the home page.	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.2.1	If so, furnish particulars:		
4.3	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?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
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

CERTIFICATE OF INDEPENDENT BID DETERMINATION

- 1 This Municipal Bidding Document (MBD) must form part of all bids¹ invited.
- 2 Section 4 (1) (b) (iii) of the Competition Act No. 89 of 1998, as amended, prohibits an agreement between, or concerted practice by, firms, or a decision by an association of firms, if it is between parties in a horizontal relationship and if it involves collusive bidding (or bid rigging).² Collusive bidding is a *pe se* prohibition meaning that it cannot be justified under any grounds.
- 3 Municipal Supply Regulation 38 (1) prescribes that a supply chain management policy must provide measures for the combating of abuse of the supply chain management system, and must enable the accounting officer, among others, to:
 - a. 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:

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

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

CERTIFICATE OF INDEPENDENT BID DETERMINATION

I, the undersigned, in submitting the accompanying bid:

(Bid Number and Description)

in response to the invitation for the bid made by:

(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

MBD 9

6. The bidder has arrived at the accompanying bid independently from, and without consultation, communication, agreement or arrangement with any competitor. However communication between partners in a joint venture or consortium³ will not be construed as collusive bidding.
7. In particular, without limiting the generality of paragraphs 6 above, there has been no consultation, communication, agreement or arrangement with any competitor regarding:
 - (a) prices;
 - (b) geographical area where product or service will be rendered (market allocation)
 - (c) methods, factors or formulas used to calculate prices;
 - (d) the intention or decision to submit or not to submit, a bid;
 - (e) the submission of a bid which does not meet the specifications and conditions of the bid; or
 - (f) bidding with the intention not to win the bid.
8. In addition, there have been no consultations, communications, agreements or arrangements with any competitor regarding the quality, quantity, specifications and conditions or delivery particulars of the products or services to which this bid invitation relates.
9. The terms of the accompanying bid have not been, and will not be, disclosed by the bidder, directly or indirectly, to any competitor, prior to the date and time of the official bid opening or of the awarding of the contract.

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

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

.....
Position

.....
Name of Bidder