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**TO ALL : HEADS OF DEPARTMENTS
: SCM PRACTITIONERS OF USER DEPARTMENTS
: PROJECT MANAGERS OF DEPARTMENTS**

SUPPLY CHAIN MANAGEMENT PRACTICE NOTE FOR BID SPECIFICATION AND BID EVALUATION COMMITTEES 3/2021

1. PURPOSE

The purpose of this Practice Note is to provide guidance to Heads of Departments, SCM Practitioners of the City’s user departments of the rules governing the BSC and BEC processes to be followed when conducting bid specification committee and bid evaluation committee processes.

2. BACKGROUND

Bid specification and evaluation committees are constituted in the City on an ad-hoc basis in terms of Regulation 27 and 28 of the Municipal Supply Chain Management Regulations respectively. The compilation of credible and unbiased bid specifications and/or terms of reference is as important as the evaluation process.

A flawed bid specification and/or terms of reference could result in a non-responsive bid and in some cases protracted process which sometimes forces an unwarranted deviation, irregular award, and cancellation of a tender. It is therefore fundamentally important that careful attention be paid when crafting bid specifications and/or terms of reference so that they are technically precise, unbiased, unambiguous and fair.

3. Procedure to be followed when conducting bid specification processes

The bid specification committee (BSC) is responsible for the compilation and responsible for the full scorecard drafting of specifications for the procurement of goods and services.

The committee must consist of one or more officials of the municipality or municipal entity and "preferably" the manager responsible for the function involved. The Accounting Officer may, at his/her discretion or upon request by the committee appoint a technical advisor, external specialist advisors or probity advisor as he or she deems fit.

Such advisors, so appointed do not have voting rights and cannot dictate to the committee. Advisors or corporate entities who participate in the bid specification processes or the directors of such corporate entities are prohibited from submitting bids from such tenders. They are also precluded for acting as advisors to persons or entities submitting bids for the tender for which they provided advisory services.

The tender document prepared by the committee should take into account the general conditions of contract, any Treasury Guidelines and the requirements of the Construction Industry Development Board (CIDB) if the bid relates to the construction, upgrading or



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refurbishment of buildings or infrastructure, and local content requirements (where it is expected that any portion of the goods or services will be sourced from outside South Africa).

The tender document must require sufficient information from bidders, which includes but not limited to the identification of the bidder and information relating to:

- tax matters;
- whether the bidder, any of its directors, managers, principal shareholders or stakeholder, or spouse, child or parent of the bidder or directors, managers, principal shareholders or stakeholder is or has been in the service of the state in the past twelve (12) months.
- The bid document must require bidders to "declare any conflict of interest they may have in the transaction for which the bid is submitted.

When the budget for the bid is expected to exceed R10 million The bid document must provide more information, which includes:

- The bidder's annual audited financial statements for the past three years (or since establishment if established in the last three years). However, if the bidder is not required by law to produce annual financial statements, they may be required to submit financial statements prepared by a registered Auditor or Accountant.
- The bid document should also require bidders to submit relevant Municipal Bidding Documents duly completed, in full.

The bid specifications and/or terms of reference must be drafted in an unbiased manner in order to allow all potential bidders to participate in the tender.

Bid specifications must, where possible, be described in terms of performance required rather than descriptive characteristics for design. Bid specifications should not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling or conformity certification, and may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer, unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the words [sic] 'equivalent'

4. Procedure to be followed when conducting bid evaluation processes

The Municipal Supply Chain Management Regulations do not prohibit members of the bid specification committee (BSC) from being members of the bid evaluation committee (BEC). However, the City of Johannesburg discourages the practice of having common members in both BSC and BEC and as such none should serve in both Committees.



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BEC members should be composed of at least three officials of the department/s requiring the goods or services and at least one SCM practitioner and one official from Group Legal & Contracts. Bid Committees are appointed independently by the Accounting Officer or delegated nominee and must be free from undue influence and interference, as they are sacrosanct.

The evaluation of bids must be done in accordance with the specifications for the particular procurement and the points system as set out in the bid specification documents. The committee must evaluate the ability of each bidder to provide goods and or services as required in line with the score card developed by the BSC. The ability of each bidder would require a consideration of: the nature, quality and reliability of the product or service to be rendered, the experience and track record of the bidder; the technical knowledge and capacity of the bidder; the possession of appropriate licenses and permits; the ability of the bidder to comply with the delivery schedule; the bidder's record of business ethics and integrity; and the availability of tools or equipment for the bidder's use.

The evaluation should consider the price and B-BBEE of the different bids, having regard to the overall price, namely, running costs, maintenance costs and rates charged per unit. The bidder scoring the highest points for both price and B-BBEE must be recommended for appointment.

Once the evaluators have identified a preferred bidder, based on the applicable point system, they must check whether such bidder's municipal rates and taxes and municipal service charges are in good standing. The committee must then submit to the bid adjudication committee (BAC) an evaluation report and recommendations regarding the award of the bid or any other related matter.

The evaluation report should be accompanied by all relevant supporting documents, which include compliance or probity report (as appropriate), analysed financial statements, confirmation that the directors of the recommended bidder are not in the employ of the City. Above all, the committee should confirm that the overall tax status of the recommended bidder is compliant prior to the award of the bid.

Furthermore, Departmental Heads and Executive Directors will no longer be required to sign off Bid Evaluation Committee Reports and Bid Specifications and Terms of reference which falls outside the scope of their delegated authority.

5. APPLICATION OF THE PRACTICE NOTE AND EFFECTIVE DATE

This Practice Note is applicable to all Departments/Entities and takes effect immediately.



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6. CONTACT INFORMATION

Enquiries related to this Practice Note should be directed to:

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20/07/2021

Date