

TOOLKIT EDITION 1 2018

CITIES' INFRASTRUCTURE  
DELIVERY AND  
MANAGEMENT SYSTEM

# CIDMS



## MODULE 10

Infrastructure procurement



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

**cltiEs** SUPPORT  
PROGRAMME



**IUDF**  
INTEGRATED URBAN DEVELOPMENT FRAMEWORK



## MODULE PURPOSE

This module describes the infrastructure procurement system applicable to municipalities, inclusive of infrastructure contracts and contract management. Specifically, this module:

1. Describes the control framework for infrastructure procurement, based on the National Treasury Standard for Infrastructure Procurement and Delivery Management (SIPDM); and
2. Provides guidance with respect to the infrastructure procurement process.

## WHY

The delivery, maintenance, renewal and upgrading of infrastructure are resource intensive processes, requiring amongst others design expertise, the acquisition of materials and prefabricated equipment and construction labour. Municipalities access such resources through the procurement process. Infrastructure procurement is by its nature a complex field. The infrastructure procurement system applicable to municipalities provides a control framework which serves as an excellent governance tool, a procurement roadmap and a workflow management system.

## OUTPUTS OF MODULE 10:

1. A city infrastructure procurement system.
2. Contracts and orders.

## KEY RELEVANT NATIONAL REGULATIONS, POLICIES AND STRATEGIES:

- Broad-Based Black Economic Empowerment Act, No. 53 of 2003
- Constitution of the Republic of South Africa, No. 108 of 1996
- Construction Industry Development Board Act, No. 38 of 2000
- Engineering Profession Act, No. 46 of 2000
- Landscape Architectural Profession Act, No. 45 of 2000
- Local Government: Municipal Finance Management Act, No.56 of 2003
- Municipal Systems Act, No. 32 of 2000
- National Archives and Record Services of South Africa Act, No. 43 of 1996
- Occupational Health and Safety Act, No. 85 of 1993
- Preferential Procurement Policy Framework Act, No. 5 of 2000
- Project and Construction Management Professions Act, No. 48 of 2000
- Quantity Surveying Profession Act, No. 49 of 2000
- Standard for Infrastructure Procurement and Delivery Management
- South African Bureau of Standards, 10845-1, Construction procurement – Part 1: Processes, methods and procedures
- South African Bureau of Standards, 10845-2, Construction procurement – Part 2: Formatting and compilation of procurement documentation
- South African Bureau of Standards, 10845-3, Construction procurement – Part 3: Standard conditions of tender
- South African Bureau of Standards, 10845-4, Construction procurement – Part 4: Standard conditions for the calling for expressions of interest
- Construction Industry Development Board, Standard for Uniformity in Construction Procurement

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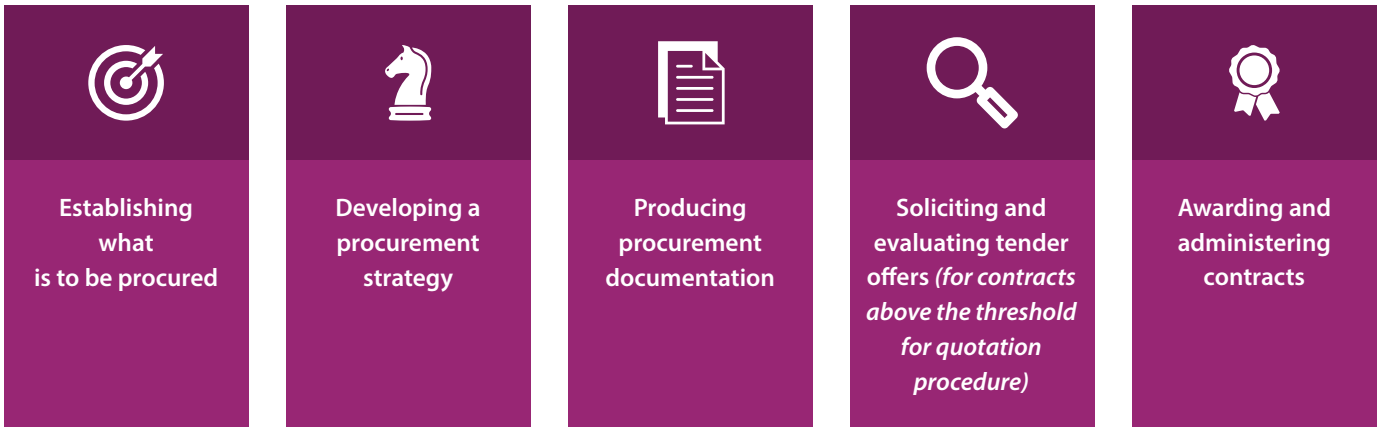
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# 10.1 INTRODUCTION

## 10.1.1 Scope of this module

Procurement is the process which creates, manages and fulfils contracts in order to acquire goods and services. It commences once the need for goods, services, engineering or construction works, or decommissioning or disposals have been identified, and concludes once such goods have been received, services, engineering or construction works, or decommissioning have been completed, or assets disposed of. Procurement, then, deals with activities surrounding contracts. These activities focus on:



This module describes the infrastructure procurement system applicable to municipalities, inclusive of infrastructure contracts and contract management. Specifically, this module:

- Describes the control framework for infrastructure procurement, based on the National Treasury Standard for Infrastructure Procurement and Delivery Management (SIPDM); and
- The process of procurement through to contract award and administration.

Note that the SIPDM separates the supply chains for infrastructure and that for general goods and services. The procurement system described in this module is specific to infrastructure procurement.





## 10.1.2 Composition of procurement system

Figure 10.1 illustrates the following four components of a procurement system, these being:

- directives, rules and guidelines governing procurement procedures, methods and decisions;
- procurement documents that contain terms and conditions, procedures and requirements;
- governance and quality arrangements and requirements that manage and control procurement; and
- organisational policies that direct decisions and actions relating to matters such as the selection of procurement procedures, targeted procurement, requirements for the management of risk and organisational arrangements related to the allocation of procurement responsibilities.

Figure 10.1 further outlines six key activities involved in infrastructure procurement. The first activity, establishing what is to be procured, sets the procurement process in motion. The procurement system requires conscious decisions to be made to ensure the best possible procurement outcomes, not only in terms of price and quality, but also to further key developmental objectives of importance to the municipality. Activity 2 therefore requires the development of a tailored procurement strategy.

*“...procurement system requires conscious decisions to be made to ensure the best possible procurement outcomes...”*

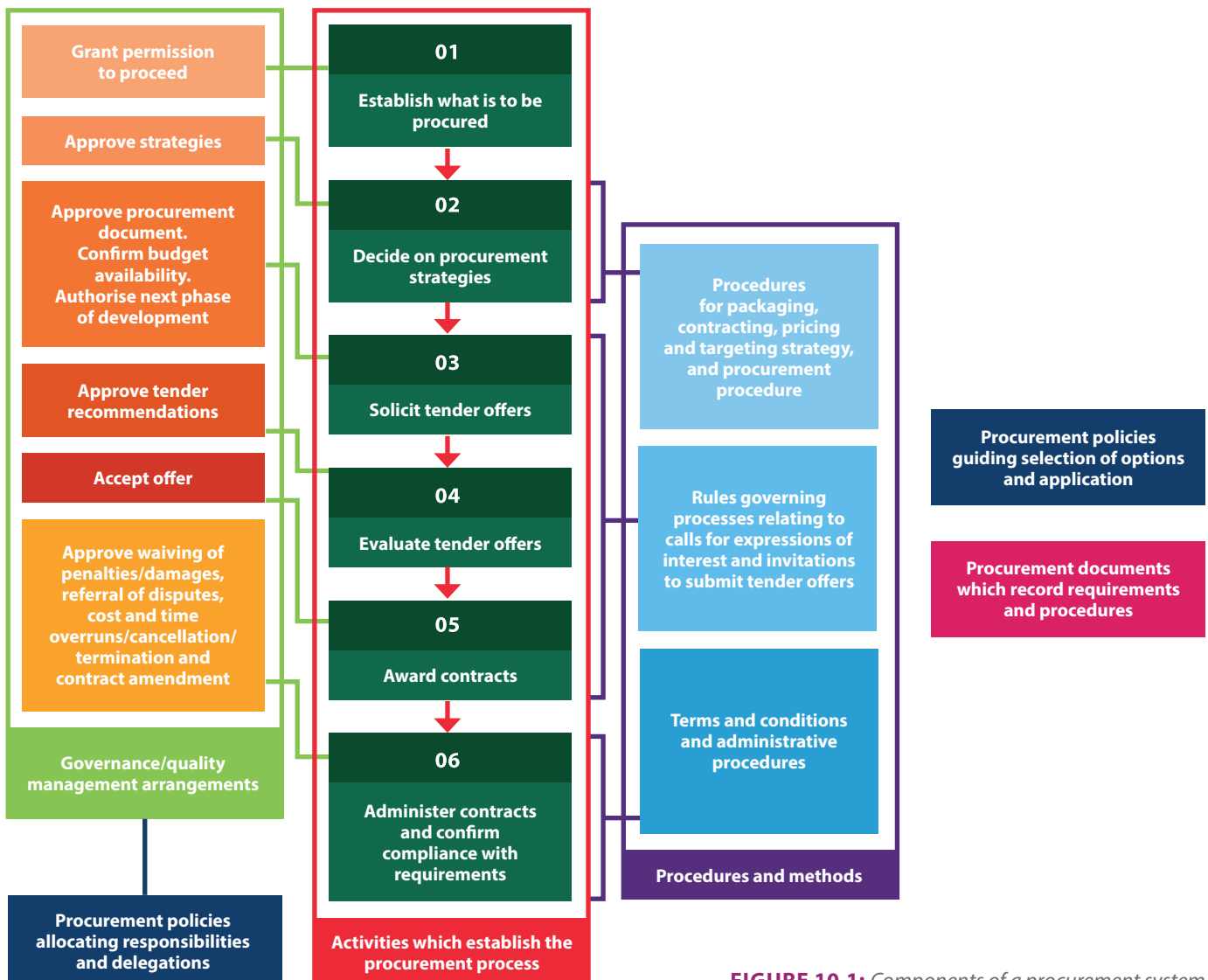


FIGURE 10.1: Components of a procurement system

Activities 3 to 5 involve the soliciting of expressions of interest and tenders to participate in a specific contract, project or programme, in accordance with the relevant conditions of tender. Activity 6 involves contract management. Conditions of contract stipulate rights and obligations of the contracting parties as well as the procedures for the administration of the contract.

### 10.1.3 *Applicable standards*

The SIPDM requires that infrastructure is procured in accordance with the requirements of applicable legislation, the requirements of Parts 1 to 4 of SANS 10845 – Construction Procurement, the administrative procedures contained in a list of approved standard forms of contract and various requirements determined in the SIPDM itself.

#### **SANS 10845-1 CONSTRUCTION PROCUREMENT PART 1:**

**Process, methods and procedures**, determines rules for the application of a wide range of methods and procedures that are used in soliciting tenders and awarding contracts. This standard further provides guidance on targeted procurement procedures.

#### **SANS 10845-2 CONSTRUCTION PROCUREMENT – PART 2:**

**Formatting and compilation of procurement documentation**, establishes a format for the compilation of calls for expressions of interest, tender and contract documents, and the general principles for compiling procurement documents for supply, services and engineering and construction works contracts, at both main and subcontract levels. The underlying principle is that each subject within a procurement document can only be addressed once, and in only one component document.



#### **SANS 10845-3 CONSTRUCTION PROCUREMENT – PART 3:**

**Standard conditions of tender**, sets out standard conditions of tender which bind the employer and tenderer to behave in a particular manner, establish requirements for a tenderer to submit a compliant tender, communicate the evaluation criteria to tenderers, and establish how the employer conducts the process of offer and acceptance and provide the necessary feedback to tenderers on the outcomes of the process.

#### **SANS 10845-3 CONSTRUCTION PROCUREMENT – PART 4:**

**Standard conditions for the calling for expressions of interest**, sets out standard conditions for the calling for expressions of interest that bind the employer and respondent to behave in a particular manner, establish what is required for a respondent to submit a compliant submission, communicate to respondents the evaluation criteria, and establish the manner in which the employer conducts the process of calling for expressions of interest.





## 10.2 CONTROL FRAMEWORK FOR INFRASTRUCTURE PROCUREMENT



The control framework for infrastructure procurement is outlined in **Figure 10.2**. The control framework contains procurement gates, framework agreement gates, reporting points for interfacing with the Construction Industry Development Board's (CIDB) register of projects, as well as a gate for interfacing with the municipality's financial management system. This framework stipulates six activities, as follows:



- **Activity 1:** Establish what is to be procured
- **Activity 2:** Decide on procurement strategies
- **Activity 3:** Solicit tender offers
- **Activity 4:** Evaluate tender offers
- **Activity 5:** Award contract
- **Activity 6:** Administer contract and confirm compliance with requirements

The activities associated with the control framework indicated in **Figure 10.2** are set out in **Tables 10.1 and 10.2**. Procurement gates 6 and 7 may be combined when following the quotation procedure and the negotiation procedure where the value of the contract is less than the threshold set for the quotation procedure. As noted in **Module 9**, the level of detail contained in documentation for decision-making purposes shall be sufficient to enable informed decisions to be made to proceed to the next activity. Approvals or acceptances at each gate shall be retained for record and audit purposes in a secure environment, for a period not less than five years, unless otherwise determined by the National Archives and Record Services of South Africa Act.



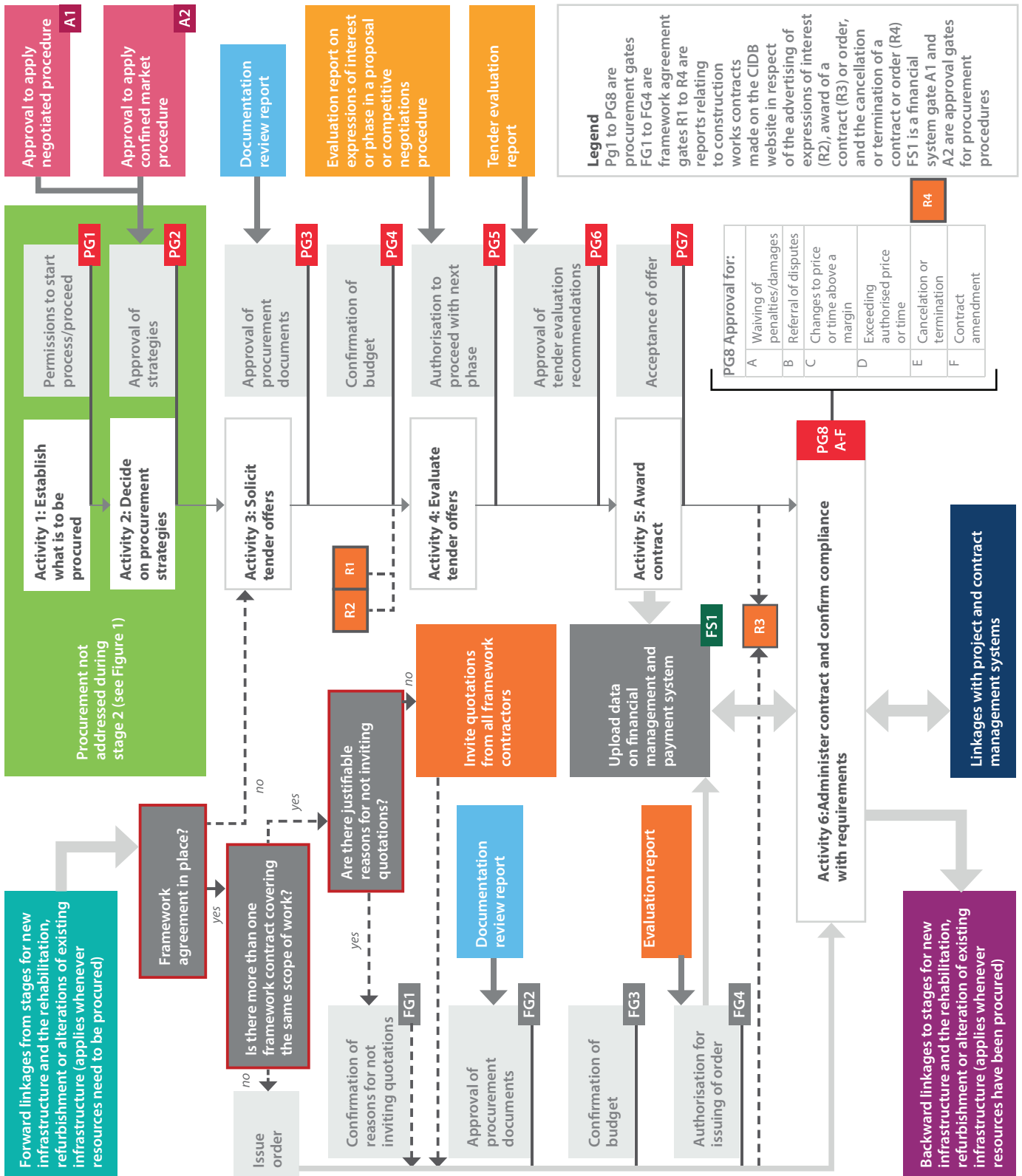


FIGURE 10.2: Control framework for infrastructure procurement



ACTIVITY		SUB- ACTIVITY*		
1	Establish what is to be procured (Applies only to goods and services not addressed in a procurement strategy developed)	1.1	Prepare broad scope of work for procurement	
		1.2	Estimate financial value of proposed procurement	
		1.3 PG1	Obtain permission to start with the procurement process	
2	Decide on procurement strategy (Applies only to goods and services not addressed in a procurement strategy developed)	2.1	Establish opportunities for using procurement to promote developmental procurement policies, if any	
		2.2	Establish contracting and pricing strategy	
		2.3	Establish targeting strategy	
		2.4	Establish procurement procedure	
		2.5 PG2	Obtain approval for procurement strategies that are to be adopted, including specific approvals to approach a confined market or the use of negotiation procedure	
3	Solicit tender offers	3.1	Prepare procurement documents	
		3.2 PG3	Obtain approval for procurement documents	
		3.3 PG4	Confirm that budgets are in place	
		3.4	Invite : • tender offers; or • expressions of interest (qualified procedure to or restricted competitive negotiations procedure)	
		3.5	Receive submissions	
		3.6	Open and record submissions received	
4	Evaluate tender offers	4.1	Qualified procedure, proposal procedure or competitive negotiations procedure only	Evaluate and prepare evaluation report on submissions received
		4.2 PG5		Obtain authorisation to proceed with next phase of tender process
		4.3		Invite tender offers from qualified respondents or selected tenderers
		4.4		Open and record submissions received and, if necessary, repeat 4.1 to 4.4
		4.5	Evaluate tender offers and prepare a tender evaluation report	
		4.6 PG6	Confirm recommendations contained in the tender evaluation report	
5	Award contract	5.1	Notify unsuccessful tenderers of outcome	
		5.2	Compile contract document	
		5.3 PG7	Award contract	
		5.4	Capture contract award data on management systems	
		5.5 GF1	Upload data in financial management and payment system	
6	Administer contracts and confirm compliance with requirements	6.1	Administer contract in accordance with the terms and provisions of the contract	
		6.2	Confirm compliance with requirements	
		6.3	Capture contract completion / termination data	
		6.4 PG8A	Obtain approval to waive penalties or low performance damages	
		6.5 PG8B	Obtain approval to notify and refer a dispute to an adjudicator, or for final settlement to an arbitrator or court of law	
		6.6 PG8C	Obtain approval to increase the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at the award of a contract or the issuing of an order up to a specified percentage	
		6.7 PGD	Obtain approval to exceed the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at award of a contract or the issuing of an order by more than 20% and 30%, respectively	
		6.8 PG8E	Obtain approval to cancel or terminate a contract	
		6.9 PG8F	Obtain approval to amend a contract	
		6.10	Close out the contract	

\* Shaded cells indicate the presence of a procurement gate

**TABLE 10.1:** Procurement activities and gates associated with the formation and conclusion of contracts above the threshold for the quotation procedure

ACTIVITY	
1 FG1	Confirm justifiable reasons for selecting a framework contractor where there is more than one framework agreement covering the same scope of work
2	Prepare procurement documents
3 FG2	Obtain approval for procurement documents
4 FG3	Confirm that budgets are in place
5	Quotations amongst framework contractors not invited: Issue draft order documentation and consult with contractor and prepare evaluation report Quotations amongst framework contractors invited: Invite quotations from all framework contractors participating in the agreement, receive and evaluate
6 FG4	Authorise the issuing of the order
7	Log order onto management system
8	Issue order to contractor
9	Notify issuing of order to oversight person
10	Administer order in accordance with the contract and confirm compliance with requirements

\* Shaded cells indicate the presence of a procurement gate

**TABLE 10.2:** Procurement activities and gates associated with the issuing of an order in terms of a framework agreement



## 10.3 INITIATING THE PROCUREMENT PROCESS



### 10.3.1 *Establish what is to be procured*

Establishing what is to be procured is generally done through the process of developing a procurement strategy, which is described in **Section 11.4**. The process to be followed for goods and services not addressed in a procurement strategy involves the preparation of a broad scope of work, estimation of the financial value of the proposed procurement, and obtaining permission to start with the procurement process (PG 1).

### 10.3.2 *Procurement documentation review*

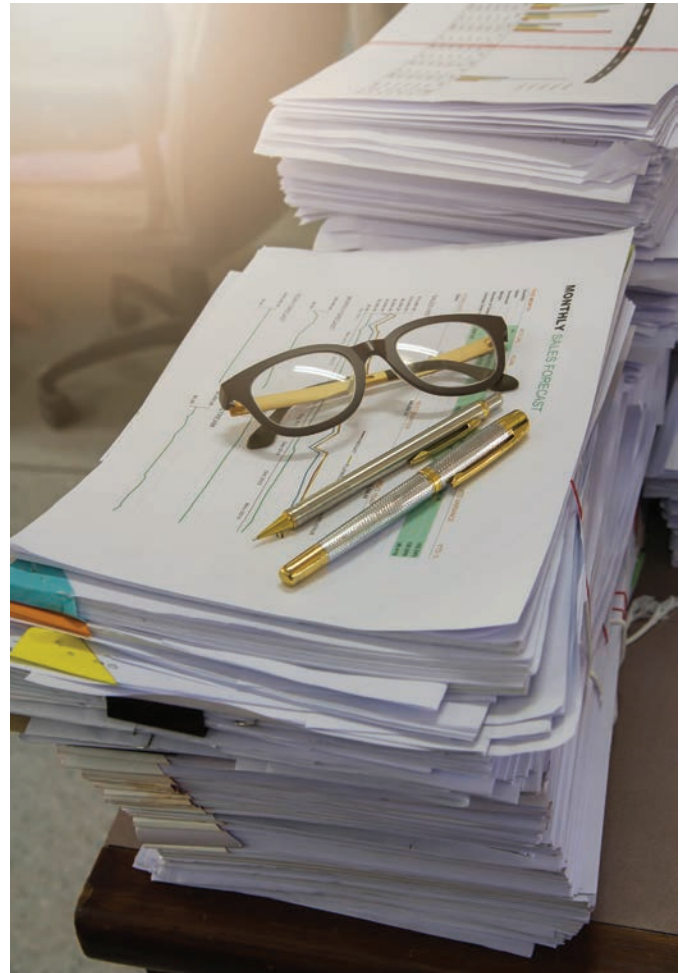
The SIPDM establishes specific requirements relating to the review of procurement documents. The approval of procurement documents at procurement gate 3 or framework agreement gate 2 shall be based on the contents of a procurement documentation review report. Where the procurement relates to the provision of new infrastructure or the rehabilitation, refurbishment or alteration of existing infrastructure, such a report shall be prepared by one or more persons who participated in the review and who are registered as:

- a professional architect or professional senior architectural technologist in terms of the Architectural Profession Act or a professional landscape architect or a professional landscape technologist in terms of the Landscape Architectural Profession;
- a professional engineer or professional engineering technologist in terms of the Engineering Profession Act; or
- a professional quantity surveyor in terms of the Quantity Surveying Professions Act.



The SIPDM also requires that the review of procurement documents associated with various procurement procedures must confirm compliance on matters as determined, and be included in the procurement documentation review report, as follows:

- The review of procurement documents associated with the negotiation, competitive selection or competitive negotiation procedure shall confirm that:
  - the procurement documents have been formatted and compiled in accordance with the requirements of SANS 10845-2, this standard and, where applicable, the CIDB Standard for Uniformity in Construction Procurement, and are aligned with the approved procurement strategy;
  - appropriate prompts for judgement are included in procurement documents in accordance with the requirements of SANS 10845-1 whenever quality is evaluated and scored in the evaluation of calls for expressions of interest or tender offers;
  - the selected form of contract in the case of a tender that is solicited is in accordance with the requirements of **Table 11.2** and any standard templates required by the organ of state have been correctly applied;
  - the necessary approval has been obtained for additional clauses or variations to the standard clauses in the conditions of contract, conditions of tender or conditions for the calling for expressions of interest, as relevant, not provided for in the organ of state’s approved templates;
  - the selected submission data in the case of a call for an expression of interest, or tender data and contract data options in the case of a tender, are likely to yield best value outcomes;
  - the scope of work adequately establishes what is required and the constraints to the manner in which the contract work is to be provided, and satisfies the drafting requirements of SANS 10845- 1;
  - the submission or returnable documents are necessary and will enable submissions to be evaluated fairly and efficiently; and
  - the risk allocations in the contract and pricing data are appropriate.



- The review of procurement documentation associated with the issuing of an order shall confirm that:
  - any standard templates required by the organ of state have been correctly applied;
  - the necessary approval has been obtained for additional clauses or variations to the standard clauses in the conditions of contract not provided in the organ of state’s approved templates or the contract;
  - the scope of work adequately establishes what is required and the constraints to the manner in which the contract work is to be provided;
  - the provisions for competition amongst framework contractors, if relevant, and the selected options are likely to yield best value outcomes; and
  - the risk allocations are appropriate.

*“ Recommend that the procurement documents be accepted with or without modifications”*



The review conducted to confirm the provisions stated above shall identify sections, if any, which require amendments or improvements. The documentation review report shall:



List the names and qualifications of the team members



Confirm that the documents are in accordance with the requirements of this standard



Capture any comments or opinions which the team may wish to express



Recommend that the procurement documents be accepted with or without modifications



# 10.4 SOLICIT AND EVALUATE TENDER OFFERS

## 10.4.1 *Solicit tender offers*

Having decided on a procurement strategy, the next procurement activity is to solicit tender offers. This involves the preparation of procurement documents, obtaining approval for procurement documents (PG3) and confirmation that there is budget for the procurement (PG4).

Once procurement gate 4 has been passed, the municipality or municipal entity may invite either tender offers or expressions of interest. Tender submissions are received, opened and recorded.

## 10.4.2 *Evaluate tender offers*

This step involves the evaluation of tenders and preparation of a tender evaluation report, except in for the qualified procedure, proposal procedure or competitive negotiations procedure, where the following process is followed:



Authorisation to proceed with the next phase (procurement gate 5), the approval of tender evaluation recommendations (procurement gate 6) and the authorisation for the issuing of an order (framework agreement gate 4) shall be based on the contents of an evaluation report. The evaluation report shall be prepared by one or more persons who are conversant with the nature and subject matter of the procurement documents or the framework contract, and who are registered as:

- a professional architect or professional senior architectural technologist in terms of the Architectural Profession Act;
- a professional engineer or professional engineering technologist in terms of the Engineering Profession Act;
- a professional landscape architect or a professional landscape technologist in terms of the Landscape Architectural Profession;
- a professional project manager or a professional construction manager in terms of the Project and Construction Management Professions Act; or
- a professional quantity surveyor in terms of the Quantity Surveying Profession Act.







All communications with respondents and tenderers during the procurement process to obtain information and clarifications shall be made in writing through the municipality's or municipal entity's (employer's) agent named in the submission or tender data. Records of all communications in this regard shall be made and retained for auditing purposes.

Submissions shall be evaluated strictly in accordance with the provisions of the procurement documents (see Annex C of SANS 10845-3 and Annex C of SANS 10845-4, as relevant). Where quality is evaluated, at least three persons who satisfy the requirements stated above shall undertake such evaluation. Quality shall be scored in terms of the prompts for judgement, with fixed scores assigned to each prompt, either individually and averaged or collectively, as appropriate.

Those involved in the evaluation of submissions shall record their scores for quality against each of the criteria during the process of evaluation, preferably with notes to substantiate the scores. Individuals should record their own markings on a separate sheet. These documents shall be placed on file as an audit trail and may form the basis of any debriefing that takes place.



Evaluation reports shall be prepared in accordance with the content headings and relevant guidelines contained in **Tables 10.3 and 10.4**, with modifications as necessary where a two-envelope, two-stage process or competitive negotiation procedure is followed. Such reports shall contain extracts from the procurement documents which are linked to the evaluation of submissions, such as eligibility criteria, criteria associated with evaluation methods, preferencing, quality criteria (including prompts for judgement), the method by which tenders are reduced to a common base and lists of returnable documents. Such references shall enable those who are tasked with making decisions based on these documents to do so without having to refer back to submissions in order to understand the content of the report.

An evaluation report that recommends the award of a contract shall contain in annexures the reports, if any, of prior processes, e.g. a call for an expression of interest, a round in a competitive negotiation procedure or a stage in a competitive selection procedure.

An evaluation report covering the application of the negotiated procedure for the award of a contract or the issuing of an order, shall confirm that the negotiated amounts are market related and represent value for money. Where the total of the prices associated with a target cost contract is negotiated, the total of prices shall be certified as being fair and reasonable by a professional quantity surveyor registered in terms of the Quantity Surveying Profession Act or a professional engineer registered in terms of the Engineering Profession Act.



**TABLE 10.3:** Content of an evaluation report relating to an expression of interest

SECTION HEADING		SUBSECTION HEADING		GUIDELINES FOR THE PREPARATION OF CONTENT
1	Summary	-	-	<p>Provide an overview of the parameters associated with the expression of interest, preferably in tabular form, including the following as relevant:</p> <ul style="list-style-type: none"> <li>• Contract /project number and contract/project description</li> <li>• Purpose of the expression of interest</li> <li>• Media in which advertisement was placed</li> <li>• Advertisement date(s)</li> <li>• Estimated value of contract or orders which are likely to be awarded during the term of the contract, if applicable</li> <li>• Date from which documents were available</li> <li>• Number and title of addenda issued</li> <li>• Closing date</li> <li>• Details of clarification meeting, including date and place, if any</li> <li>• Number of submissions made</li> <li>• Number of responsive submissions received</li> <li>• Recommended outcomes of the process</li> </ul>
2	An overview of the evaluation process	-	-	<p>Provide an overview of the procurement process, indicating the eligibility criteria that were applied. State points relating to evaluation criteria, prompts for judgement and weightings relating thereto. Reproduce the list of returnable documents. Provide, if applicable, an overview as to how the quality aspects of the submissions were scored. Record that those involved in the evaluation of tenders have no conflicts of interest or have declared any conflict of interest that they may have, and the nature of such conflict.</p>
3	Evaluation process	3.1	Submissions received	List the submissions that were received. Describe any noteworthy events regarding the opening of submissions, e.g. the returning of late submissions.
		3.2	Completeness of submissions received	Compare submissions received against the list of returnable documents. State if any submissions were incomplete and outline how clarifications were obtained. Confirm if respondents took into account addenda, if any, in their submission.
		3.3	Responsiveness of respondents	Identify which of the submissions received were non-responsive and provide clear reasons for declaring respondents to be non-responsive.
		3.4	Evaluation of submissions	Record the manner in which submissions were evaluated. Record, where relevant, and preferably in tabular form, the scores for each of the evaluation criteria and the total score (excluding those who failed to score above a threshold, if any).
		3.5	Reasons for disqualification on the grounds of corrupt or fraudulent practice	State reasons if applicable
		3.6	Compliance with legal requirements	Confirm as relevant that respondents are not barred from participation, tax matters are in order, are registered, etc.
4	Tender recommendation	-	-	<p>Make a recommendation for the outcome of the process, e.g. admit to a database or prequalify/ shortlist respondents to be invited to submit tender offers. Record the names and qualifications of those who performed the evaluation.</p>
5	Confirmation of recommendations	-	-	<p>Make provision for the confirmation or amendment of the recommended action.</p>

**TABLE 10.4:** Content of an evaluation report relating to the solicitation of tender offers

SECTION HEADING		SUBSECTION HEADING		GUIDELINES FOR THE PREPARATION OF CONTENT
1	Summary	-	-	<p>Provide an overview of the parameters associated with the solicitation of the tender, preferably in tabular form, including the following as relevant:</p> <ul style="list-style-type: none"> <li>• Contract / Project / Tender number and contract description</li> <li>• Contract duration</li> <li>• Purpose of tender</li> <li>• Contracting strategy, pricing strategy, form of contract and targeting strategy</li> <li>• Procurement procedure and method of tender evaluation</li> <li>• Tender validity expiry date</li> <li>• Alternative tenders (not permitted or state conditions under which permitted)</li> <li>• Media in which advertisement was placed, if not a nominated or qualified competitive selection procedure or a restricted competitive negotiations procedure</li> <li>• Date of advertisement(s)</li> <li>• Date from which documents were available</li> <li>• Details of clarification meeting, including date and place, if any</li> <li>• Tender closing date</li> <li>• Number and title of addenda issued</li> <li>• Number of tenders received</li> <li>• Number of responsive tenders</li> <li>• Recommended tender(s)</li> <li>• Cost estimate (budget), unless a framework contract</li> <li>• Lowest responsive and realistic tender used for comparative purposes (tender price, specific goals, etc.)</li> </ul>
2	An overview of the tender evaluation process	-	-	<p>Provide an overview of the procurement process, indicating the eligibility and evaluation criteria that were applied. State specific goals and points relating to preferences, as well as any quality evaluation criteria, prompts for judgement and weightings relating thereto. Reproduce the list of returnable documents. Provide an overview as to how the quality aspects of the tender were scored. Record that those involved in the evaluation of tenders have no conflicts of interest or have declared any conflict of interest which they may have, and the nature of such conflict.</p>



SECTION HEADING		SUBSECTION HEADING		GUIDELINES FOR THE PREPARATION OF CONTENT
3	Tender evaluation process	3.1	Tender offers received	List the tender offers that were received. Describe any noteworthy events regarding the opening of submissions, e.g. the returning of late tenders and the declaring of submissions non-responsive on the grounds that they were not received in the prescribed manner.
		3.2	Completeness of tenders received	Compare tender submissions received against list of returnable documents. State if any tender submissions received were incomplete and indicate what was not complete. Indicate what steps were taken to make incomplete tenders complete, only where this does not affect the competitive position of the tenderer in question. List all communications with tenderers. Confirm if tenderers took into account addenda, if any, in their tender submission.
		3.3	Responsiveness of tenderers	Identify which of the tenders received were non-responsive and provide clear reasons for declaring such tenders to be non-responsive.
		3.4	Evaluation of tender offers	Record the manner in which tenderers were reduced to a common basis: Record preferably in tabular form: <ul style="list-style-type: none"> <li>the scores for each of the evaluation criteria;</li> <li>the total score (excluding those who failed to score above a threshold);</li> <li>the pricing parameters that were tendered to enable compensation events to be evaluated of contractors to be paid in cost reimbursable or target cost contract.</li> </ul> Provide reasons for not granting a preference or considering a financial offer to be unrealistically low.
		3.5	Reasons for disqualification on the grounds of corrupt or fraudulent practice	State reasons if applicable
		3.6	Compliance with legal requirements	Confirm as relevant that respondents are not barred from participation, tax matters are in order, are registered, etc.
		3.7	Acceptability of preferred tenderer	State any reasons why the tenderer with the highest points should not be considered for the award of the tender, e.g. commercial risk, restrictions, lack of capability and capacity, legal impediments, etc. Also state any arithmetical corrections that have been made.
4	Outcome of the evaluation	-	-	Make a recommendation for the award of the tender and state any qualifications / conditions associated with such an award. Record the names and qualifications of those who performed the reevaluation.
5		-	-	Make provision for the recommendations for the award of the tender to be confirmed or amended.



# 10.5 AWARD AND ADMINISTER CONTRACTS



## 10.5.1 Contract award

All contracts entered into with contractors following a procurement process shall be in writing, and all awards above the quotation threshold in competitive selection and competitive negotiation procurement processes shall be published at least on:

- the municipality or municipal entity's, or Treasury's website; or
- if required in terms of the Construction Industry Development Board Act, on the CIDB's website.

At least the following information must be included in the publication announcing the award of a contract:

- contract number and title;
- a brief description of goods, works or service; and
- the name of the successful tenderer, its B-BBEE status level of contribution, and if practical, the total of price at award, duration of contract and the tender points scored during the tender evaluation process.

The municipality or municipal entity must also notify unsuccessful tenderers of the outcome of the tender process. The contract documentation is compiled, the contract is awarded (PG 7), contract award data is captured onto the management system, and data is uploaded onto the financial management and payment system.

## 10.5.2 Contract management

The person responsible for the administration of the contract or an order on behalf of the municipality or municipal entity as employer shall:

- act as stated in the contract that is entered into, subject to any constraints that may be imposed by the employer or the employer's supply chain management policy for infrastructure procurement and delivery management, using any standard templates that are provided for communications required in terms of the contract; and
- provide at least the following data within two weeks of the award of a contract or an order for capture on a contract management system:
  - name and contract particulars;
  - the programme or project number, as relevant;
  - the contractual dates associated with the contract or order;
  - except in the case of very low value goods or services contracts, a cash flow forecast;
  - the agreed total of prices or forecasted total of prices; and
  - where applicable, whether or not provision is made for price adjustment for inflation, delay damages, performance bond and retention, and if so, what the quantum or estimated quantum of such provisions is;



- retain on a contract file, copies of certificates of insurances, bonds and the like;
- make an assessment of the amount due to the contractor where required in terms of the contract, or review the contractor's assessment of the amount due and timeously certify payment;



- revise the estimates for price adjustment for inflation where provided for, prepare an updated cash flow for the remainder of the contract based on the contractor's schedule, and capture these amounts together with the amounts due to the contractor and the retention amounts, if relevant, on a monthly basis;
- provide the revised total of the prices or completion date or delivery date for the contract, or an order, within one week of a contractor revising a forecast of the total of prices, or an event being implemented, which in terms of the contract increases the total of prices or delays delivery or completion, for capture on a contract management system;
- manage, if relevant, the interface between the contractor and those responsible for providing client inputs where a management, design and construct or develop and construct contracting strategy is utilised;
- develop and maintain a contract risk register;
- provide a monthly report on events which, in terms of the contract, cause the total of prices to increase or the contract completion date to be changed;
- report all insurance claims made within one week of the claim being lodged; and
- make inputs, if applicable, to the close out report in stage 9, including those relating to cost norms, contractor performance and the attainment, or not, of procurement objectives.

The person responsible for administering the contract shall also as necessary report on a monthly basis on the following:



The attainment of key performance indicators, if any, provided for in the contract or required by the sponsor of the project or in terms of legislation



The number of improvement, contravention and prohibition notices issued by the health and safety agent



Incidents reportable in terms of the Construction Regulations issued in terms of the Occupational Health and Safety Act, briefly indicating the nature of the incident

## 10.6 CONCLUSION



The SIPDM regulates infrastructure procurement for municipalities and municipal entities. It provides a robust, fair and transparent framework for infrastructure procurement. Moreover, this framework requires a strategic approach to infrastructure procurement, provides clarity on allowable procurement methods and forms of contract, provides for framework contracts, and makes it possible to ensure that infrastructure of the right quality is delivered and maintained. It further enables the setting of procurement targets, promotion of B-BBEE and other developmental objectives. In short, it reforms public sector infrastructure delivery and maintenance towards a better society.



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