



Supply Chain Management Guide, General Conditions of Contract and Municipal Bidding Documents

In accordance with regulation 21 of the Municipal Supply Chain Management Regulations (promulgated in Government Gazette Number 27636 on 30 May 2005), National Treasury has issued general conditions of contract, municipal bidding documentation and a guide on implementing supply chain management.

1 General Conditions of Contract (GCC)

- 1.1 To ensure that uniformity exists in the bidding processes, accounting officers are requested to base bid invitations on the *General Conditions of Contract (GCC)* issued by the National Treasury. The GCC are attached to this circular.
- 1.2 The GCC have been prepared, in consultation with the State Attorney, for use by all spheres of government. Whilst the regulations require the accounting officer to “take into account” the GCC and guidelines it is recommended that the standard wording not be amended. If additional conditions are required or any other variation necessary to the GCC, it is recommended that *Special Conditions of Contract* relevant to a specific bid invitation be compiled separately. These special conditions will supplement the GCC. However, when the special conditions are in conflict with the GCC, it must be stipulated that the *Special Conditions of Contract* will prevail. This maintains a whole of government approach to the GCC and will assist industry with a common format.
- 1.3 For bids related to building, engineering and construction works, accounting officers should, in lieu of the GCC, use the *General Conditions of Contract and Standard Bidding Documents for Construction Projects* issued by the Construction Industry Development Board (CIDB). These are available on the CIDB website, www.cidb.org.za by clicking onto the “resource centre” and then “best practice documents” icons to locate the standard documents (procurement best practice library).

2 A Guide for Accounting Officers of Municipalities and Municipal Entities

- 2.1 National Treasury has issued the attached *Supply Chain Management: A Guide for Accounting Officers of Municipalities and Municipal Entities* to assist in the smooth implementation of supply chain management and to provide guidance on the completion of bid documentation.
- 2.2 This Guide should be used by accounting officers to compile their own internal supply chain management procedures. This Guide will, however, be supplemented on a regular basis as the development of the supply chain management function within government progresses.
- 2.3 Cognizance must also be taken of the fact that the Guide is not a substitute for legislation and should not be used for legal interpretations.

- 2.4 Where reference is made to preferential procurement it must be borne in mind that the National Treasury, in consultation with the Department of Trade and Industry, is in the process of aligning the Regulations of the Preferential Procurement Policy Framework Act, No 5 of 2000 (PPPFA) with the aims of the Broad Based Black Economic Empowerment Act, No 53 of 2003. The National Treasury will provide future guidance regarding the promotion of Black Economic Empowerment once the revision to the Regulations to the PPPFA is finalised.
- 2.5 Until such time that the Regulations are formally amended accounting officers are required to continue to implement the current PPPFA and its associated Regulations.

3 Municipal Bidding Documents (MBDs)

- 3.1 Accounting officers should customise the attached municipal bidding documents (MBDs) by incorporating the municipal / municipal entity name, logo and contact details.
- 3.2 Other changes to the MBDs should be kept to a minimum, such as variations necessary to address specific contract and project issues. Where no relevant MBD is provided, municipalities / municipal entities should use other internationally recognised documents, acceptable to the accounting officer, in concurrence with the relevant provincial treasury.
- 3.3 The following MBDs are attached for use, where applicable:

	MBD Description	Document Number
(i)	Invitation to Bid	MBD 1
(ii)	Application for tax clearance certificate	MBD 2
(iii)	Pricing Schedules	MBD 3.1 to 3.3
(iv)	Declaration of Interest	MBD 4
(v)	Declaration for Procurement above R 10 million (VAT included)	MBD 5
(vi)	Preference claim in terms of the Preferential Procurement Regulations	MBD 6.1 to 6.12
(vii)	Formal contract	MBD 7.1 to 7.3

Note:

- ❖ The standard wording for the application for tax clearance certificate (MBD 2) should not be amended.
- ❖ The formal contract document (MBD 7.1 to 7.3) should not form part of the bidding documents issued to every prospective bidder, but should rather be made applicable only to the successful bidder after adjudication and award of the bid.

4 Request for Quotation

- 4.1 Two templates are supplied that can be adapted for quotation requests. One is for transaction values between R2 000 and R10 000 and the second is for transaction values between R10 000 and R200 000 (both inclusive of VAT).

Contact



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