



AMENDED GUIDELINES IN RESPECT OF BIDS THAT INCLUDE FUNCTIONALITY AS A CRITERION FOR EVALUATION

It has come to National Treasury's attention that further clarity and guidance is required in terms of the invitation and evaluation of bids¹ that include functionality.

GUIDELINES WHEN FUNCTIONALITY IS INCLUDED AS A CRITERION IN THE EVALUATION OF BIDS

"Functionality" means the measurement according to predetermined norms of a service or commodity designed to be practical and useful, working or operating, taking into account quality, reliability, viability and durability of a service or commodity.

The need to invite and evaluate bids on the basis of functionality depends on the nature of the required commodity or service. When functionality is utilised as an evaluation criterion, paragraphs below must be adhered to.

When inviting bids an institution must indicate: -

- (i) whether the bids will be evaluated on functionality;
- (ii) the evaluation criteria for measuring functionality;
- (iii) the weight of each criterion; and
- (iv) the applicable values as well as the minimum threshold for functionality

The evaluation of the bids must be conducted in the following two stages:

Firstly, the assessment of functionality must be done in terms of the evaluation criteria and the minimum threshold referred to above. A bid must be disqualified if it fails to meet the minimum threshold for functionality as per the bid invitation.

Thereafter, only the qualifying bids are evaluated in terms of the 80/20 or 90/10 preference points systems, where the 80 or 90 points must be used for price only and the 20 or 10 points are used for HDI ownership and / or for achieving the prescribed RDP goals.

The guidance provided above replaces and prevails over the relevant guidelines contained in paragraph 5.8 of the Supply Chain Management: A Guide for Accounting Officers of Municipalities and Municipal Entities.

Note 1: Includes price quotations, advertised competitive bid, limited bids and proposals

PRESCRIPTS OF THE CONSTRUCTION INDUSTRY DEVELOPMENT BOARD (CIDB)

In the case of bids relating to the construction industry, institutions are required to adhere to the prescripts of the Construction Industry Development Board as prescribed in Municipal Supply Chain Management Regulation 21(a) (iii).

CONCLUSION

It is incumbent on the accounting officer to ensure that this circular is brought to the attention of senior management, supply chain management practitioners and members of bid committees in the municipality or municipal entity. Accounting officers must also ensure that appropriate systems are in place to comply with the legislation. This circular applies to all new bid invitations issued on or after 15 September 2010, however, early adoption is encouraged.

Contact

SCM Policy and guidance on implementation is provided by the SCM Unit within the National Treasury to ensure consistent application of the framework.



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