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**SPECIAL CONDITIONS OF CONTRACT**

**RT44-2024**

**APPOINTMENT OF ACCREDITED VERIFICATION AGENCIES FOR THE  
PROVISION OF ANNUAL B-BBEE VERIFICATION AUDIT SERVICES TO  
THE STATE FOR THE PERIOD OF  
36 MONTHS**

**NON-COMPULSORY BRIEFING SESSION TO BE HELD ON 25 MARCH  
2024 ON MICROSOFT TEAMS**

**CLOSING DATE AND TIME OF BID**

**8 APRIL 2024 AT 11H00**

**BID VALIDITY PERIOD: 180 DAYS**

National Treasury

Transversal Contracting



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### LIST OF ABBREVIATIONS

Abb	Full Name
<b>BAC</b>	Bid Adjudication Committee
<b>BEE</b>	Black Economic Empowerment
<b>BEC</b>	Bid Evaluation Committee
<b>BQRC</b>	Bid Quality Review Committee
<b>CIPC</b>	Companies and Intellectual Property Commission
<b>CPA</b>	Contract Price Adjustment
<b>CSD</b>	Central Supplier Database
<b>NT</b>	National Treasury
<b>OCPO</b>	Office of the Chief Procurement Officer
<b>PPPFA</b>	Preferential Procurement Policy Framework Act
<b>PPR</b>	Preferential Procurement Regulations, 2022
<b>RSA</b>	Republic of South Africa
<b>SLA</b>	Service Level Agreement
<b>SANAS</b>	South African National Accreditation System
<b>SANS</b>	South African National Standards
<b>SARB</b>	South African Reserve Bank
<b>SARS</b>	South African Revenue Service
<b>TC</b>	Transversal Contracting
<b>TCBD</b>	Transversal Contracting Bidding Document
<b>TIC</b>	Tender Information Centre
<b>VAT</b>	Value Added Tax

### LIST OF ATTACHMENTS AND ANNEXURES

- Annexure 1 : Special Conditions of Contract
- Annexure 2 : Pricing Schedule
- Annexure 3 : Briefing Session Presentation



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### DEFINITIONS

Customer	A participant on the transversal contract who procures goods and/or services from the appointed Supplier(s).
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;
Due Diligence	The investigation or exercise of care that the State conducts before entering into an agreement with the bidders to validate the bid responses.
Historically Disadvantaged Individuals	<p>South African citizen:</p> <p>i Who, due to the apartheid policy that had been in place, had no franchise in national elections before the introduction of the constitution of the Republic of South Africa, 1983 (Act No 110 of 1983) or the Constitution of the Republic of South Africa, 1993 (Act No 200 of 1993) (the interim Constitution) and/or</p> <p>ii Who is female; and/or</p> <p>iii Who has a disability.</p> <p>Provided that a person who obtained South African citizenship on or after the coming to effect of the interim Constitution, is deemed not to be an HDI.</p>
Female	refers to a female person who is a South African citizen.
Functionality	means the measurement according to predetermined norms, as set out in the tender documents, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a tenderer.
Person with Disability	are persons who have a long-term or recurring physical or mental impairment, which substantially limits their prospects of entry into or advancement in employment.
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

**Table 1: Bid Document Checklist and Returnable**

#	Document Name <sup>1</sup>	Included in the published bid document?	To be returned by the bidder?	Bidder to tick Yes if the document is submitted
<b>PHASE 1: MANDATORY REQUIREMENTS EVALUATION</b>				
1.	Pricing Schedule (Annexure B)	Yes	Yes	
2.	Valid Certificate of Accreditation (SANAS)	No	Yes	
<b>PHASE 2: LEGISLATIVE AND OTHER STANDARD BIDDING DOCUMENTS</b>				
3.	SBD 1 Invitation to Bid	Yes	Yes	
4.	Proof of authority must be submitted as per SBD 1	No	Yes	
5.	SBD 4 Bidder's Disclosure	Yes	Yes	
6.	SBD 6.1 Preference Points Claim Form	Yes	Yes	
7.	CSD report	No	Yes	
<b>PHASE 3: FUNCTIONALITY</b>				
8.	Trade reference letter	No	Yes	
9.	Key Staff (Curriculum Vitae and Qualifications)	No	Yes	
10.	Execution Plan	No	Yes	
<b>PHASE 4: PRICE &amp; SPECIFIC GOALS EVALUATION</b>				
11.	Pricing Schedule (Annexure B)	Yes	Yes	
12.	Proof of specific Goals requirements	No	Yes	
13.	Cost Breakdown	Yes	Yes	
<b>OTHER BID DOCUMENT REQUIREMENTS</b>				
14.	Special Conditions of Contract	Yes	Yes	
15.	General Condition of Contract	Yes	Yes	
16.	Company registration documents	No	Yes	

<sup>1</sup> Table 1 is provided as guidance to assist bidders with documents that must be returned with the bid. The list is not exhaustive, and it is the responsibility of the bidder to provide all required documents as per the provision of each clause in this bid





## SECTION A: INTRODUCTION AND TERMS OF REFERENCE

### 1. DESCRIPTION AND FORMAT OF THE BID

- 1.1 This bid is for the appointment of accredited verification agencies for provision of annual B-BBEE verification audit service to the State for a period of 36 months.
- 1.2 This bid document is structured as follows:
- 1.2.1 Section A: Introduction and Terms of Reference
  - 1.2.2 Section B: Conditions of Bid
    - 1.2.2.1 Part 1: Evaluation Criteria
    - 1.2.2.2 Part 2: Additional Bid Requirements
    - 1.2.2.3 Part 3: Recommendation and Appointment of Bidders
  - 1.2.3 Section C: Conditions of Contract

### 2. LEGISLATIVE AND REGULATORY FRAMEWORK

- 2.1 This bid and all contracts emanating therefrom will be subject to General Conditions of Contract issued in accordance with Treasury Regulation 16A published in terms of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA) as well as the Preferential Procurement Policy Framework Act 2000 (PPPFA) with its latest 2022 regulations.
- 2.2 The Special Conditions of Contract (SCC) are supplementary to that of the General Conditions of Contract (GCC). However, where the Special Conditions of Contract conflict with the General Conditions of Contract, the Special Conditions of Contract prevail.
- 2.3 This bid is subject to all applicable industry related legislation, particularly the legislation stated below. Contravention of any provision of the below mentioned legislations as well as the following legislation may result in disqualification of this bid or termination of Contract in the event that the contravention occurs after the contract award:
- i. Broad -Based Black Economic Empowerment Act 53 of 2003;
  - ii. Sector Codes of Good Practice;
  - iii. Preferential Procurement Policy Framework Act, (No.5 of 2000);
  - iv. Broad-Based Black Economic Empowerment Amendment Act, (No.46 of 2013);
  - v. Broad-Based Black Economic Empowerment Regulations 2016





## 2.4 Legislative Documents

2.5 It is a requirement for bidders to submit the other legislative documents as detailed below:

2.5.1 SBD 1 invitation form to bid.

2.5.2 SBD 4 bidder's disclosure.

2.5.3 SBD 6.1 preference points claim form.

## 3. OBJECTIVE OF THE BID

3.1 To arrange the RT44-2024 transversal contract for the appointment of accredited verification agencies for provision of annual B-BBEE verification audit service to the State for a period of 36 months.

3.2 For the promotion of historically disadvantaged individuals as per the specific goals (maximum 20 points) allocated in terms of Preferential Procurement Regulations 2022 issued according to the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000).

3.3 To apply the 80/20 preference, point system as per Preferential Procurement Regulations (PPR) 2022.

## 4. BRIEFING SESSION

4.1 A non-compulsory virtual briefing session will be held as follows:

Venue: Microsoft Teams. The link to register and attend the briefing session is attached: [Click here to join the meeting](#)

Date: 25 March 2024

Time: 10h00am – 11h00am

4.2 The bid information session is not compulsory but will provide bidders with an opportunity to obtain clarity on certain aspects of the procurement process as set out in this bid document.

4.3 The National Treasury reserves the right to answer questions at the briefing session and/or to respond formally after the briefing session.

## 5. TERMS OF REFERENCE

### 5.1 TECHNICAL SPECIFICATIONS

5.1.1 The bid for the appointment of accredited verification agencies for provision of annual B-BBEE verification audit service for the state with eight (8) line items. The technical specification items are listed under paragraph 5.1.8.

5.1.2 A bid will be considered responsive if it addresses the scope of services summarised below. A bid that does not address the scope of services will be disqualified and considered non-responsive.



- 5.1.3 A bid will be considered responsive if it addresses and scope of services summarised below . ,
- 5.1.4 A bid that does not address the scope of services will be disqualified and considered non-responsive.
- 5.1.5 Provision of partial or full audit to determine the organisations Black Economic Empowerment compliance levels.
- 5.1.6 The Bidder will be required to provide the following services:
  - 5.1.6.1 B-BBEE verification planning and completion of documentation.
  - 5.1.6.2 Evidence gathering in accordance to Amended Codes or Sector Codes
  - 5.1.6.3 Verification of evidence and the calculation of the B-BBEE compliancy level
  - 5.1.6.4 Assist with Completion of Compliance Report
  - 5.1.6.5 Issuing of B-BBEE Certificate
  - 5.1.6.6 Provide advisory services on bridging the gaps on non-compliance.
- 5.1.7 Failure to comply with the above conditions will invalidate your bid.



5.1.8 The items are categorised as follows:

**Table 2: Summary of Technical Specification Items**

MUNICIPAL CATEGORY	PRODUCT DESCRIPTION AND MUNICIPALITY AREA	ITEM DESCRIPTION
A	Verification fee: Metro Municipalities	Verification Fee, Municipal Category A Service Fee
B1	Verification fee: Secondary Cities	Verification Fee, Municipal Category B1 Service Fee
B2	Verification fee: Large Towns	Verification Fee, Municipal Category B2 Service Fee
B3	Verification fee: Small Towns	Verification Fee, Municipal Category B3 Service Fee
B4	Verification fee: Mainly Rural	Verification Fee, Municipal Category B4 Service Fee
C1	Verification fee: District Municipality without water billing services	Verification Fee, Municipal Category C1 Service Fee
C2	Verification fee: District Municipality with water billing services	Verification Fee, Municipal Category C2 Service Fee
	Advisory Services: All municipal areas	Advisory Services, Consultancy Fee-Labor/Advisory Fee



## SECTION B: CONDITIONS OF BID

### 6. PART 1: EVALUATION CRITERIA

6.1 The details of the evaluation phases are outlined below:

**Table 3: Evaluation Criteria**

Phase 1	Phase 2	Phase 3	Phase 4
<b>Mandatory Requirements</b>	<b>Legislation and other standard bidding Requirements</b>	<b>Functionality</b>	<b>Price and Specific Goals</b>
Compliance with mandatory bid requirements	Compliance with legislative and other bid requirement	Compliance to functionality -minimum threshold of 66,67%	Bids evaluated in terms of the 80/20 preference points system

### 6.2 PHASE 1: MANDATORY REQUIREMENTS

6.2.1 Bidders must submit the required documents indicated hereunder with the bid documents at the closing date and time of the bid. During this evaluation phase, bidder's responses will be evaluated based on the documents submitted under mandatory requirements. Bidders who fail to comply with any of the mandatory criteria at the closing date and time of the bid will be disqualified.

### 6.3 Certificate of Accreditation by South African National Accreditation System (SANAS)

6.3.1.1 Bidders must provide a valid copy of certificate of accreditation which indicates the facility accreditation number from SANAS.

### 6.4 Pricing Schedule

6.4.1.1 The pricing schedule (see Annexure B) provided in this bid forms an integral part of the bid document and bidders must ensure that it is completed without changing the structure thereof.

6.4.1.2 Prices submitted for this bid must be filled in on the field provided on the pricing schedules supplied with the bid as follows:

6.4.1.3 All prices must be in rands and rounded off to two (2) decimal places.

6.4.1.4 Price structures that do not comply with the requirements above may invalidate the bid.

6.4.1.5 Failure to submit mandatory documents will invalidate the bid.

### 6.5 PHASE 2: LEGISLATIVE AND OTHER STANDARD BIDDING DOCUMENTS

6.5.1 Legislative Requirements



6.5.1.1 It is a requirement for bidders to submit the other legislative documents as detailed below.

6.5.1.2 SBD 1 invitation form to bid.

6.5.1.3 SBD 4 bidder's disclosure.

6.5.1.4 SBD 6.1 preference points claim form.

6.5.1.5 Non-submission of the required documents may result in disqualification.

## 6.5.2 **OTHER BID DOCUMENTS**

### 6.5.2.1 **Company Registration**

- a) Shareholding portfolio by proof of registration of the company with Companies Intellectual Property Commission

### 6.5.2.2 **Conditions of Contract**

- a) General Condition of Contract which are fully signed and initialled on every page to indicate that the bidder has read and understood the terms and conditions.
- b) Special Conditions of Contract which are fully signed and initialled on every page to indicate that the bidder has read and understood the terms and conditions.

## 6.6 **PHASE 3: FUNCTIONALITY**

6.6.1 During this evaluation phase, bidders must score a minimum of 66,67% to be regarded as responsive. This phase will be scored and bidders that score less than 66,67% in respect of functionality will be regarded as non-responsive and will not be evaluated further.

**Table 4: Functionality criteria**

Criteria	Measure	Rating Scale	Weight
1. Trade Reference Letter	Bidders must submit valid reference letter/s not older than 5 years with contactable reference in the letterhead of the third party. The reference letter must indicate the number of B-BBEE assessments and verification in the public and private sector:  Bidders with 0 to 1 project = 0 Bidders with 2 to 4 projects = 10 Bidders with 5 to 7 projects = 20 Bidders with more than 7 projects = 30	0 points = 0 10 points = 1 20 points = 2 30 points = 3	30
2. Key Staff			30



Criteria	Measure	Rating Scale	Weight
	<p>Bidders must submit summarised Curriculum Vitae clearly indicating the type and years of experience of the key staff/analyst project manager who will be involved in the B-BBEE assessment and verification project, and certified qualifications:</p> <p>Key Staff Personnel with 0 to 4 years' experience in B-BBEE verification services = 10 points            Key Staff Personnel with 5 to 8 years' experience in B-BBEE verification services = 20 points            Key Staff Personnel with 9 to 10 years' experience in B-BBEE verification services = 30 points</p>	<p>0 points = 0            10 points = 1            20 points = 2            30 points = 3</p>	
3. Execution Plan	<p>Bidders must submit execution plan on how the assessment will be conducted with critical milestones:</p> <p>Bidder submitted the execution plan without the verification process to be followed and milestones = 0            Bidder submitted the execution plan with milestones and no verification process = 10            Bidder submitted the execution plan with verification process to be followed and no milestones = 20            Bidder submitted the execution plan with the verification process to be followed and milestones = 30</p>	<p>0 points = 0            10 point = 1            20 points = 2            30 points = 3</p>	40
<b>Functionality Threshold is 66.67%</b>			<b>100</b>

6.6.2 A bid that does not meet the minimum threshold of 66,67% shall be regarded as non-responsive and will be disqualified.

6.7 **PHASE 4: PRICE AND SPECIFIC GOALS**

6.7.1 The service fee must be inclusive of all costs, i.e. travelling cost, labour, accommodation, parking and any other related costs.

6.7.2 No other amount will be paid to the appointed agency i.e. service provider other than the service fee.

6.7.3 Advisory service fee must be priced in accordance with the DPSA guide on consultancy rate. This fee must be inclusive of all costs, i.e. travelling cost, labour, accommodation, parking and any other related costs.

6.7.4 It is not compulsory for bidders to bid for all categories. However, it is compulsory to submit an offer for advisory services. Non-Compliance will lead to your bid being disqualified.

6.7.5 The pricing schedule provided in this bid forms an integral part of the bid document and bidders must



ensure that it is completed without changing the structure thereof.

6.7.6 The prices quoted must be inclusive of all applicable taxes. The bid price offered for service is deemed to be as advertised in the item specification.

6.7.7 The bidder must ensure that it completes in full for the line items they are bidding for signs and submit the PRICING SCHEDULE attached herein referred to as Annexure B failing which the bid will be deemed non-responsive and shall therefore be disqualified.

6.7.8 After completing the pricing schedule, the pricing schedule must be printed, signed and submitted together with the other bid documents which will serve as the card copy of the bid.

6.7.9 Price structure that does not comply with the requirements of 6.6.8 above may invalidate the bid.

6.7.10 **Bid Completion**

6.7.10.1 It is a condition of bid that all items must be completed.

6.7.10.2 Non-compliance with this condition will invalidate the bid for such service offered.

6.7.11 Preferential Point System

- I. The pricing evaluation will be in terms of the Preferential Procurement Regulations as per the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000), responsive bids will be adjudicated by the State on the 80/20 preference point system based on:
  - II. The bid price (Maximum of 80 points)
  - III. Historically disadvantaged individuals as well as specific goals (maximum 20 points)

6.7.12 The following formula will be used to calculate the points for price:

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

Where,

$P_s$  = Points scored for the comparative price a of bid under consideration

$P_t$  = Comparative price of a bid under consideration

$P_{\min}$  = Comparative price of lowest acceptable bid

6.7.12.1 The following will be used to calculate the points for Historically disadvantaged individuals as well as specific goals.

- I. A maximum of 20 points may be awarded to a bidder for being a historically disadvantaged individual and/or subcontracting with a historically disadvantaged individual and/or achieving any of the specified goals stipulated in regulation 2022 of the Preferential Procurement regulations. For this bid, the maximum number of points that could be allocated to a bidder is indicated in the



paragraph above. The State reserves the right to arrange contracts with more than one contractor.

- II. The government intends to promote the following goals with this bid, and the points to be allocated are indicated against each goal:

GOALS	POINTS
Preference points for equity ownership by historically disadvantaged Individuals who, due to the apartheid policy that had been in place had no franchise in national elections before the introduction of the Constitution of the RSA, 1983 (Act 110 of 1983) or the Constitution of the RSA, 1993 (Act 200 of 1993), (“the Interim Constitution”) and or	10
Who is female	10

- III. The points scored by a bidder in respect of the goals indicated above will be added to the points scored for price.
- IV. Bidders are required to complete the SBD 6.1 and 6.1(a) forms in order to claim preference points. Only a bidder who has completed and signed the declaration part of the SBD 6.1 and 6.1(a) preference points claim forms will be considered for preference points.
- V. The bidders must submit Identity Documents (ID), Central Supplier Database (CSD) and CIPC registration documents. These documents will serve as proof of ownership and directorship of the company.
- VI. Failure on the part of a bidder to submit proof or documentation required in terms of this tender to claim points for specific goals with the tender will not be allocated with the points claimed.
- VII. The State may, before a bid is adjudicated or at any time, require a bidder to substantiate claims it has made about preference.
- VIII. Points scored will be rounded off to the nearest 2 decimals.
- IX. If two or more bids have scored equal total points, the contract will be awarded to the bidder scoring the highest number of points for the specified goals. Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots.
- X. A contract may, on reasonable and justifiable grounds, be awarded to a bid that did not score the highest number of points.
- XI. Preference points may not be claimed in respect of individuals who are not actively involved in the management of an enterprise or business and who do not exercise control over an enterprise or business commensurate with their degree of ownership.

6.7.12.2 The following formula must be applied to calculate the number of points out of 10/20 for specific goals:

$$PSSG = MPA \times \frac{POE}{100}$$





Where:

PSSG= Points scored for a specific goal

MPA = Maximum points allocated for a specific goal

PEO = Percentage of equity ownership by an HDI

#### 6.7.12.3 Specific goals with Proof of equity ownership requirements and related matters

- I. The specific goals contemplated in the paragraph above and are related to equity ownership must be equated to the percentage of an enterprise or business owned by individuals or, in respect of a company, the percentage of a company's shares that are owned by individuals, who are actively involved in the management of the enterprise or business and exercise control over the enterprise, commensurate with their degree of ownership at the closing date of the tender.
- II. If the percentage of ownership contemplated in the paragraph above changes after the closing date of the tender, the tenderer must notify the Office and such tenderer will not be eligible for any preference points.
- III. Equity in private companies must be based on the percentage of equity ownership.
- IV. Preference points may not be awarded to public companies and tertiary institutions.
- V. Equity claims for a Trust may only be allowed in respect of those persons who are both trustees and beneficiaries and who are actively involved in the management of the Trust.
- VI. Documentation to substantiate the validity of the credentials of the trustees contemplated in the paragraph above must be submitted to the Office.
- VII. A consortium or Joint Venture may claim points for specific goals, based on the percentage of the contract value managed or executed by individuals who are actively involved in the management or exercise control of the respective parties of the consortium or Joint Venture.
- VIII. A tenderer must submit proof of its ownership. A tenderer who does not submit proof of ownership may not be disqualified from the bidding process, but they score points out of ninety (80) for price and zero (0) points out of twenty (20) for specific goals.

#### 6.7.13 **Applicable Taxes**

- a) All bid prices must be inclusive of all applicable taxes.
- b) All bid prices must be inclusive of fifteen percent (15%) Value Added Tax.
- c) Failure to comply with this condition may invalidate the bid.

#### 6.7.14 **Cost Breakdown**



- 6.7.14.1 Bidders are requested to submit the cost breakdown of their pricing for each item offered. Should the cost breakdown be the same for all items on the bid response, the bidder must indicate clearly in the bid response. The cost breakdown submitted will be utilized during the price adjustment considerations.
- 6.7.14.2 Bidders should itemise the cost of each item into various components which are cost-drivers. The cost needs to be broken down into direct and indirect costs. Each cost driver should be assigned a percentage of the total cost.

**Table 5: Example of Cost Breakdown**

Cost-driver	% of Total Cost
D1 - Transport	
D2 – Labour	
D3 – Insurance	
D4 – Other	
Total price of item	100%

**6.7.15 Responsive Bids**

- 6.7.15.1 Bidders are required to submit responsive bids by completing all pricing and item information on the provided pricing schedule (Annexure B) for the individual items and all required forms. Non-submission of the pricing schedule (Annexure B) will invalidate the bid response.

**7. PART 2: ADDITIONAL BID REQUIREMENTS**

- 7.1.1.1 Company Registration and Organogram
- 7.1.1.2 Shareholding portfolio by proof of registration of the company with Companies Intellectual Property Commission. An additional document detailing the shareholding of the bidder in an organogram format in support of the proof of company registration must be submitted by bidders at the closing date and time.
- 7.1.1.3 General Conditions of Contract which are fully signed and initialled on every page to indicate that the bidder has read and understood the terms and conditions.
- 7.1.1.4 Special Conditions of Contract which are fully signed and initialled on every page to indicate that the bidder has read and understood the terms and conditions.

**7.2 COMPANY REGISTRATION AND ORGANOGRAM**



7.2.1 Shareholding portfolio by proof of registration of the company with Companies Intellectual Property Commission. An additional document detailing the shareholding of the bidder in an organogram format in support of the proof of company registration must be submitted.

7.2.2 If by law registration with CIPC is not required, proof of ownership/shareholding must be provided by the bidder.

### 7.3 **COMPANY PROFILE**

7.3.1 Bidders are requested to submit a company profile which includes, but is not limited, to the following: -

7.3.1.1 Business structure and strategies; and

7.3.1.2 Details of the bidder's directors/owners (Full name and surname and ID or passport number)

7.3.1.3 Years of company existence and experience relevant to this bid.

### 7.4 **TERMS AND CONDITIONS OF BID**

#### 7.4.1 **Counter Conditions**

7.4.1.1 Bidders' attention is drawn to the fact that amendments to any of the bid conditions or setting of counter conditions by bidders may result in the invalidation of such bids.

7.4.1.2 The National Treasury reserves the right to change or supplement any information or to issue any addendum to this bid before the closing date and time. The National Treasury and its officers, employees and advisors will not be liable in connection with either the exercise of or failure to exercise this right.

7.4.1.3 If the National Treasury exercises its right to change or supplement information in terms of the above clause, it may seek amended bid documents from all bidders.

#### 7.4.2 **Fronting**

7.4.2.1 The National Treasury supports the spirit of broad-based black economic empowerment and recognizes that real empowerment can only be achieved through individuals and businesses conducting themselves by the Constitution and in an honest, fair, equitable, transparent, and legally compliant manner. Against this background, the National Treasury does not support any form of fronting.

7.4.2.2 The National Treasury, in ensuring that bidders lawfully conduct themselves will, as part of the bid evaluation processes, conduct, or initiate the necessary enquiries/investigations to determine the accuracy of the representation made in this bid document. Should any of the fronting indicators as contained in the Guidelines on Complex Structures and Transactions and Fronting, issued by the Department of Trade, Industry and Competition, be established during such enquiry/investigation, the onus will be on the bidder to prove that fronting does not exist.



7.4.2.3 Failure to do so by the bidder within fourteen (14) days from the date of notification by the National Treasury may invalidate the bid/contract and may also result in the restriction of the bidder from conducting business with the public sector for a period not exceeding ten (10) years, in addition to any other remedies the National Treasury may have against the bidder concerned.

## 7.5 **SUBMISSION OF BIDS**

### 7.5.1 **ONLINE BID SUBMISSION**

7.5.1.1 Bidders are required to submit (upload) the bid on [www.etenders.gov.za](http://www.etenders.gov.za) by the closing date and time.

7.5.1.2 Bidders to adhere to all the rules for the online bid submission.

7.5.1.3 Bidders' attention is drawn to the sequential submission format as per the checklist in Table 1.

7.5.1.4 The Pricing Schedule (Annexure B) should be in an XLSX excel sheet format and not any other format.

7.5.1.5 Non-compliance with online bid submission WILL invalidate the bidder's response.

7.5.1.6 Submit all bid queries via email to [Demand.Acquisition3@treasury.gov.za](mailto:Demand.Acquisition3@treasury.gov.za).

## 7.6 **LATE BIDS**

7.6.1 Bids received after the closing date and time at the TIC will NOT be accepted for consideration and where practical, be returned unopened to the bidder.

## 7.7 **COMMUNICATION AND CONFIDENTIALITY**

7.7.1 The Chief Directorate: Transversal Contracting (TC) within the Office of the Chief Procurement Officer (OCPO) may communicate with bidders where clarity is sought after the closing date and time of the bid and before the award of the transversal contract, or extend the validity period of the bid, if necessary.

7.7.2 Any communication to any State official or a person acting in an advisory capacity for the State in respect of this bid between the closing date and the award of the bid by the bidder is discouraged.

7.7.3 Whilst all due care has been taken in connection with the preparation of this bid, the National Treasury makes no representations or warranties that the content in this bid or any information communicated to or provided to bidders during the bidding process is, or will be, accurate, current, or complete. The National Treasury, and its officers, employees and advisors will not be liable concerning any information communicated which is not accurate, current, or complete.

7.7.4 If a bidder finds or reasonably believes it has found any discrepancy, ambiguity, error or inconsistency in this bid or any other information provided by the National Treasury (other than minor clerical matters), the bidder must promptly notify the National Treasury in writing of such discrepancy, ambiguity, error or inconsistency to allow the National Treasury to consider what corrective action is necessary (if any).



- 7.7.5 Any actual discrepancy, ambiguity, error or inconsistency in this bid or any other information provided by the National Treasury will, if possible, be corrected and provided to all bidders without attribution to the bidder who provided the written notice.
- 7.7.6 All communication between the bidder and the National Treasury TC office must be done in writing as per the Contact Details below.
- 7.7.7 No representations made by or on behalf of the National Treasury about this bid will be binding on the National Treasury unless that representation is expressly incorporated into the contract ultimately entered between the National Treasury and the successful bidder(s).
- 7.7.8 All persons (including all bidders) obtaining or receiving this bid and any other information in connection with this bid, or the tendering process must keep the contents of the bid and other such information confidential, and not disclose or use the information except as required for developing a response to this bid.
- 7.8 **CONTACT DETAILS**
- 7.8.1 General: - National Treasury, Office of the Chief Procurement Officer, Chief Directorate: Transversal Contracting, Private Bag x115, Pretoria, 0001. Physical address: 240 Madiba Street, corner Thabo Sehume and Madiba Streets, Pretoria
- 7.8.2 Bid Enquiries: - All enquiries should be in writing to Demand.Acquisition3@treasury.gov.za. The closing date for receipt of all enquiries is 1 April 2024. All enquiries beyond the closing date will not be considered.



## **8. PART 3: RECOMMENDATION AND APPOINTMENT OF BIDDERS**

8.1 Once the evaluation process is complete there will be a recommendation report by the BEC to the Bid Adjudication Committee (BAC) which has the authority to either support (approve) or not support (not approve) the recommendation/s and appointment/s.

8.2 On approval of the recommendation(s) and appointment(s), the successful bidder(s) will sign an appointment letter together with the master transversal agreement for appointment of accredited verification agencies for provision of annual B-BBEE verification audit service in this bid, and the unsuccessful bidder(s) will be informed accordingly. The following paragraphs will be applicable when making a recommendation:

### **8.3 Tax Compliance Requirements**

8.3.1 It is a condition of this bid that the tax matters of the successful bidder(s) are in order, or that satisfactory arrangements have been made with the South African Revenue Service (SARS) to meet the bidder's tax obligations.

8.3.2 The Tax Compliance status requirements are also applicable to potential foreign bidders/individuals who wish to submit a bid.

8.3.3 Bidders are required to be registered on the Central Supplier Database (CSD) and the National Treasury shall verify the bidder's tax compliance status through the CSD or SARS.

8.3.4 Where Consortia / Joint Ventures / Sub-Contractors are involved, each party must be registered on the CSD, and their tax compliance status will be verified through the CSD or SARS.

### **8.4 Multiple Award**

8.4.1 The State reserves the right to issue multiple awards, to ensure availability of service. Due diligence will be applied to ensure that pricing is affordable, market related and aligned to end-user requirements.

8.4.2 The maximum number of bidders to be awarded will be at the discretion of the Bid Evaluation Committee.

8.4.3 The following shall be taken into consideration when contemplating a multiple- award:

8.4.3.1 Capacity to meet the expected demand according to the end-user requirements.

8.4.3.2 Mitigation of risk if the item is unavailable.

### **8.5 Negotiations**

8.5.1 The State reserves the right to negotiate with the shortlisted bidders before or after the award. The terms and conditions for negotiations will be communicated to the shortlisted bidders before the invitation to



negotiations. This phase is meant to ensure value for money is achieved through the measure of quality that will assess the monetary cost of the items or services against the quality and or benefits of that item or services.

#### 8.6 **Due Diligence**

8.6.1 The State reserves the right to conduct due diligence before the final award or at any time during the transversal contract period and this may include pre-announced/ non-announced site visits. During the due diligence process, the information submitted by the bidder will be verified and any misrepresentation thereof may disqualify the bid in whole or parts thereof.

#### 8.7 **Right of Award**

8.7.1 The State reserves its following rights:

- a) To award the bid in part or in full,
- b) Not to make any award in this bid or accept any bids submitted,
- c) Request further technical information from any bidder after the closing date,
- d) Verify information and documentation of the bidder(s),
- e) Not to accept any of the bids submitted,
- f) To withdraw or amend any of the bid conditions by notice in writing to all bidders prior to closing of the bid and post award, and
- g) If an incorrect award has been made to remedy the matter in any lawful manner it may deem fit.



## SECTION C: CONDITIONS OF CONTRACT

### 9. CONCLUSION OF CONTRACT

- 9.1 The Contract between National Treasury and the preferred bidder/s (Service Provider) collectively referred to as the Parties shall come into effect after the service provider has been issued with an unconditional letter of acceptance to their bid.
- 9.2 The Service Provider (s) shall be appointed in terms of this bid. The following will form part of the contract documents between the Parties as far as this RT44-2024 is concerned:
- 9.2.1 Bid Documents
- 9.2.2 Letter of Appointment
- 9.2.3 Award Documents
- 9.2.4 Acknowledgement letter
- 9.3 If there is any contradiction between the abovementioned documents, the special conditions of the contract shall take precedence. For Section B, the term “service provider “shall refer to the preferred bidder appointed in terms of the RT44-2024 transversal contract.

### 10. PARTICIPATING STATE INSTITUTIONS

- 10.1 The following institutions will be participating on the contract for RT44-2024

**Table 6: Participating Government Institutions**

Number	Department Name
1	Bergrivier Municipality
2	Drakenstein Municipality
3	Department of Health North-West
4	Dr Pixley Ka Isaka Seme LM
5	Overberg Water
6	Thulamela Municipality

### 11. POST-AWARD PARTICIPATION

- 11.1 PFMA public institutions listed in Schedules 1, 2, 3A, 3B, 3C, 3D and Local Government may send an application to the National Treasury post-award to request participation in the transversal contract.
- 11.2 In terms of Treasury Regulation 16A6.5 Accounting Officer/Accounting Authority of National and Provincial departments, constitutional institutions, and public entities listed in schedules 1, 3A, and 3C





to the PFMA may opt to participate in a transversal contract facilitated by the relevant treasury.

- 11.3 Regulation 32 of the Municipal SCM Regulations provides that a Supply Chain Management policy may allow the accounting officer to procure goods or services for a municipality or municipal entity under a contract secured by another organ of the state.

## **12. CONTRACT MANAGEMENT: ROLES AND RESPONSIBILITIES**

### **12.1 Contract Administration**

- 12.1.1 The administration and facilitation of the transversal contract is the responsibility of the National Treasury and all correspondence in this regard must be directed to the Transversal Contracting Department via email on TCcontracts2@treasury.gov.za

- 12.1.2 Suppliers must advise the Chief Directorate: Transversal Contracting, National Treasury immediately when unforeseeable circumstances will adversely affect the execution of the transversal contract. Full particulars of such circumstances as well as the period of delay must be furnished.

### **12.2 Supplier Performance Management**

- 12.2.1 Supplier performance management will be the responsibility of the purchasing institution and where supplier performance disputes cannot be resolved between the supplier and the relevant purchasing institution, National Treasury: Transversal Contracting must be contacted for corrective actions.

- 12.2.2 Supplier performance rating Form (to be provided for by the National Treasury after the bid award) will be instituted, and every supplier must complete it to ensure good performance.

- 12.2.3 End-user State institutions are required to report to the National Treasury on where supplier's performance is not satisfactory.

- 12.2.4 Successful suppliers will have their performance scored. National Treasury will provide a template that will be used to measure overall performance in terms of the transversal contract. Suppliers who score an unacceptable performance rating may not be awarded future contracts of the same bid and may have the transversal contract terminated before the end of the transversal contract period.

## **13. CONTRACT PRICE ADJUSTMENT**

### **13.1 Formula**

- 13.1.1 Prices submitted for this bid will be regarded as non-firm and may be subject to adjustment(s) in terms of the following formula, defined areas of cost and defined periods.

- 13.1.2 Applications for price adjustments must be accompanied by documentary evidence in support of any adjustment claim.

- 13.1.3 The following price adjustment formula will be applicable for calculating contract price adjustments



(CPA).

**Table 7: Contract Price Adjustment Formula**

$Pa = (1 - V)Pt \left( D1 \frac{R1t}{R1o} + D2 \frac{R2t}{R2o} + D3 \frac{R3t}{R3o} + \dots + Dn \frac{Rnt}{Rno} \right) + VPt$		
Pa	=	The new adjusted price to be calculated
V	=	Fixed portion of the bid price (15% or 0.15)
Pt	=	Original bid price. Note that Pt must always be the original bid price and not an adjusted price
(1-V)Pt	=	Adjustable portion of the bid price (85% or 0.85)
D1 – Dn	=	Each factor (or percentage) of the bid price, e.g., material, labour, transport, overheads, etc. The total of the various factors (or percentages) D1 – Dn must add up to 1 (or 100%)
R1t – Rnt	=	End Index. Index figure obtained from the index at the end of each adjustment period.
R1o–Rno	=	Base Index. Index figure at the time of bidding.
VPt	=	15% (or 0.15) of the original bid price. This portion of the bid price remains fixed, i.e. it is not subject to price adjustment

### 13.2 Formula component definitions

#### 13.2.1 Adjustable amount

13.2.1.1 The adjustable amount is the portion of the bid price which is subject to adjustment. In this bid, the adjustable amount is 85% of the original bid price. For example, if the bid price is R1000, then only R850 will be subject to adjustment.

#### 13.2.2 Fixed portion

13.2.2.1 The fixed portion represents those costs that will not change over the adjustment period and do NOT represent the profit margin. In this bid, the fixed portion is 15% of the original bid price. Using the same example as above, it would amount to R150 which will remain fixed over the contract periods.

#### 13.2.3 Cost components and proportions

13.2.3.1 The cost components of the contract price usually constitute the cost of materials (raw material or finished product), cost of direct labour, cost of transport and those other costs that are inclined to change. The proportions are the contribution to the contract price of each of these cost components. In this bid, the following cost components will be used to calculate contract price adjustments.



13.2.3.2 Bidders are requested to submit the cost breakdown of the bid price for each item with their bid. Should the cost breakdown be the same for all items on the bid, please indicate it clearly in the bid document. Bidders will not be allowed to change the cost breakdown of bid prices during the tenure of the contract.

13.2.3.3 Successful bidders who are direct importers of raw material / finished products can apply for RoE adjustment under cost element D1. If the successful bidder is not a direct importer of raw material / finished product, cost component D1 would not be applicable and only local cost components (D2 - Dn) would be applicable.

**Table 8: Contract Price Adjustment Cost Components**

Cost Component	% Contribution
Service Fee	40%
Labour	20%
Transport	40%
<b>TOTAL (Cost components must add up to 100%)</b>	<b>100 %</b>

13.2.4 **Applicable indices/references**

13.2.4.1 The applicable index refers to the relevant market index, which is a true reflection of price movement(s) in the cost over time. In this bid, the following indices or references will be applicable:

**Table 9: Applicable Indices/References**

Cost component	Index Publication	Index Reference
Service Fee	STATS SA CPI PO141 Table E	Table E-All items

13.2.5 **Base index date**

13.2.5.1 The base index date applicable to the formula is defined as the date at which the price adjustment starts. In this bid, the base index date is March 2024.

13.2.6 **End index date**

13.2.6.1 The end index dates are the dates at predetermined points in time during the contract period. In this bid the end indices are defined in the next paragraph (Price Adjustment Periods).

13.2.7 **Price adjustment periods**

13.2.7.1 Price adjustment shall be applied on an annual basis at the anniversary of the transversal contract from



the closing date of the bid.

**Table 10: Price Adjustment Period**

Adjustment	CPA application to reach National Treasury at the following dates	End Index Date	Dates from which adjusted price will become effective
1 <sup>st</sup> Adjustment	1 May 2025	March 2025	1 June 2025
2 <sup>nd</sup> Adjustment	1 May 2026	March 2026	1 June 2026

### 13.2.8 General

- 13.2.8.1 Unless prior approval has been obtained from the National Treasury, Transversal Contracting, no adjustment in contract prices will be made.
- 13.2.8.2 Application for price adjustment must be accompanied by documentary evidence in support of any adjustment.
- 13.2.8.3 CPA application will be applied strictly according to the specified formula and parameters above as well as the cost breakdown supplied by bidders in their bid documents.
- 13.2.8.4 If the supplier's CPA application, based on the above formula and parameters, differs from Transversal Contracting verification, Transversal Contracting will consult with the supplier to resolve the differences.
- 13.2.8.5 Bidders are referred to in the paragraph regarding counter conditions.
- 13.2.8.6 An electronic price adjustment calculator will be available on request from Transversal Contracting.
- 13.2.8.7 The State reserves the right to negotiate a price adjustment or not to grant any price adjustment.

## 14. PLACEMENT OF ORDERS AND PAYMENTS

- 14.1.1 Suppliers should note that each individual purchasing institution is responsible for generating the order(s) as well as the payment(s) thereof.
- 14.1.2 Suppliers should note that the order(s) will be placed as and when required during the contract period and delivery points will be specified by the relevant purchasing institution(s).
- 14.1.3 The instructions appearing on the official order form regarding the supply, dispatch and submission of invoices must be strictly adhered to and under no circumstances should the Supplier deviate from the orders issued by the purchasing institutions.



14.1.4 Payment will only be made once the B-BBEE certificate has been issued to the purchasing institution.

## **15. CONTRACT MANAGEMENT: ROLES AND RESPONSIBILITIES**

### **15.1 Contract Administration**

15.1.1 The administration and facilitation of the transversal contract is the responsibility of National Treasury and all correspondence in this regard must be directed to [TCcontracts2@treasury.gov.za](mailto:TCcontracts2@treasury.gov.za)

15.1.2 Suppliers must advise the Chief Directorate: Transversal Contracting, National Treasury immediately when unforeseeable circumstances will adversely affect the execution of the transversal contract. Full particulars of such circumstances as well as the period of delay must be furnished.

### **15.2 Contract Performance Management**

15.2.1 Contract performance management will be the responsibility of Participants and where Supplier performance disputes cannot be resolved between the Supplier and the Participant, National Treasury: Transversal Contracting must be informed for corrective action.

15.2.2 The reporting template for Participants to effect contract performance management will be provided post-award.

### **15.3 Post-Award Reporting**

15.3.1 Suppliers will be expected to report on the implementation of the transversal contract monthly.

15.3.2 A reporting template will be provided post-award of the transversal contract.

15.3.3 National Treasury may conduct implementation meetings with either the Participants and/or Suppliers to discuss any transversal contracting implementation matters.

15.3.4 All reports must be submitted to: [TCcontracts2@treasury.gov.za](mailto:TCcontracts2@treasury.gov.za) by the 15th of each quarter.

## **16. TERMINATION**

16.1 The State shall be entitled to terminate this Agreement if one or more of the following occur:

16.1.1 the supplier decides to transfer the transversal contract or cede the transversal contract;

16.1.2 the supplier is provisionally or finally liquidated, making it impossible for the supplier to perform its functions in terms of this transversal contract;

16.1.3 the supplier enters into settlement arrangements with their creditors;

16.1.4 the supplier commits an act of insolvency;

16.1.5 in the event that the supplier is a member of an unincorporated joint venture or consortium and the membership of such joint venture or Consortium changes; and



- 16.1.6 the supplier's failure to perform its obligation amounts to a fundamental non-performance.
- 16.1.7 The State reserves its right to terminate the transversal contract in the event that there is a change in ownership of the supplier that has the effect that over 50% ownership of the supplier belongs to the new owner without the prior written approval of the State.
- 16.1.8 Either Party may terminate this transversal contract for breach in the event that the other party fails to comply with any of its obligations in terms of this transversal contract and has failed to remedy such breach within 14 (fourteen) calendar days written notice to remedy such non-compliance.
- 16.1.9 Notwithstanding the provisions above, either Party may terminate this transversal contract by giving the other Party 30 (thirty) days written notice to that effect.

**THE END**