

**PROVINCIAL ADMINISTRATION OF KWAZULU-NATAL  
DEPARTMENT OF PUBLIC WORKS**

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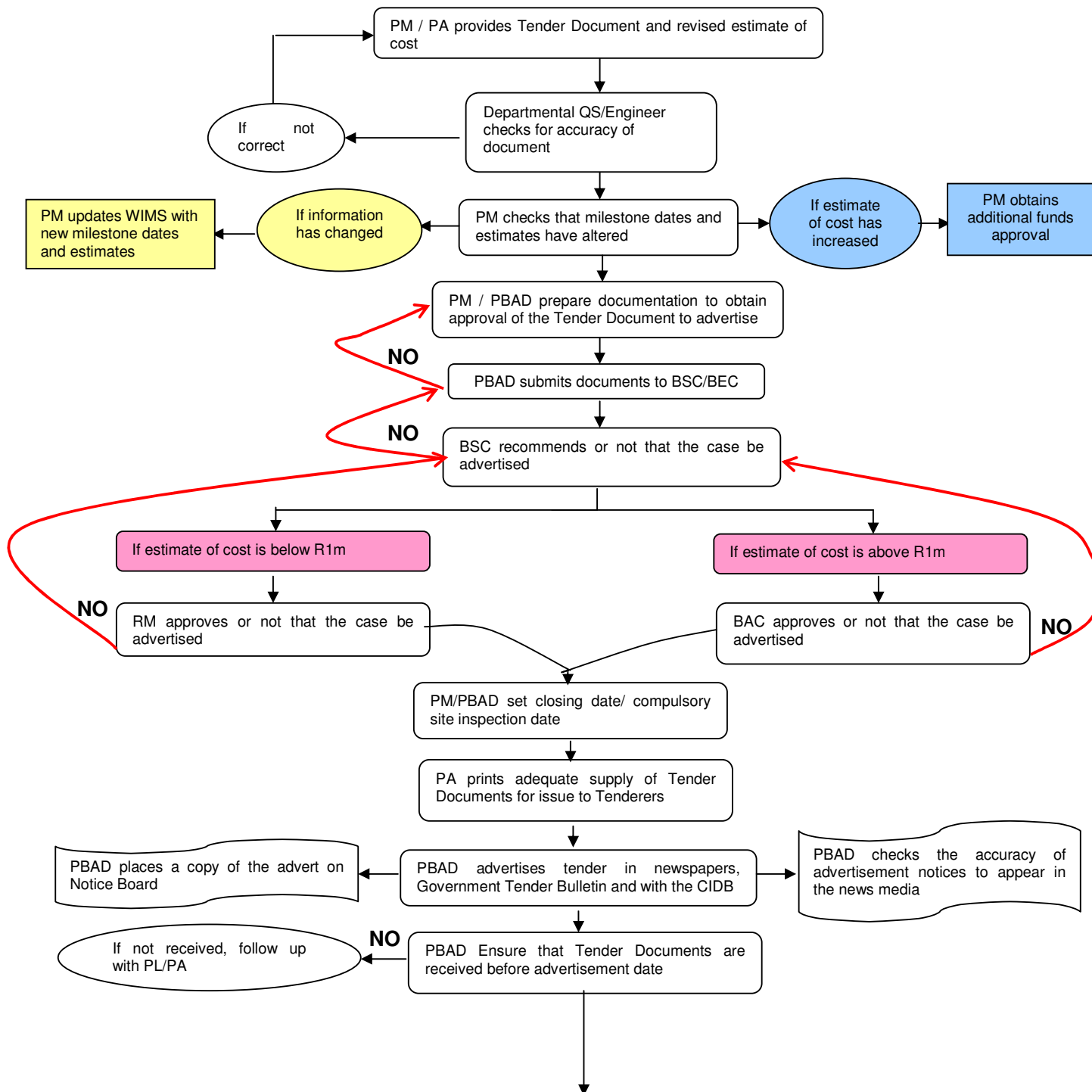
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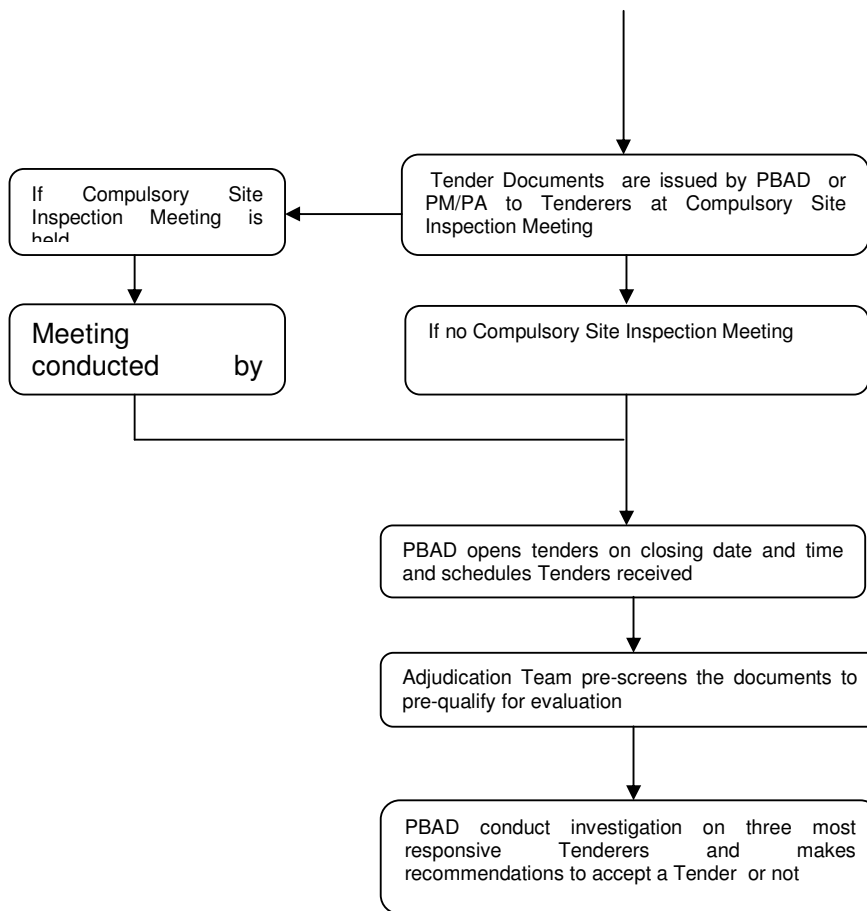
## CHAPTER 4: TENDER PHASE

4.1 The following flow chart provides the framework for the normal tender processes.



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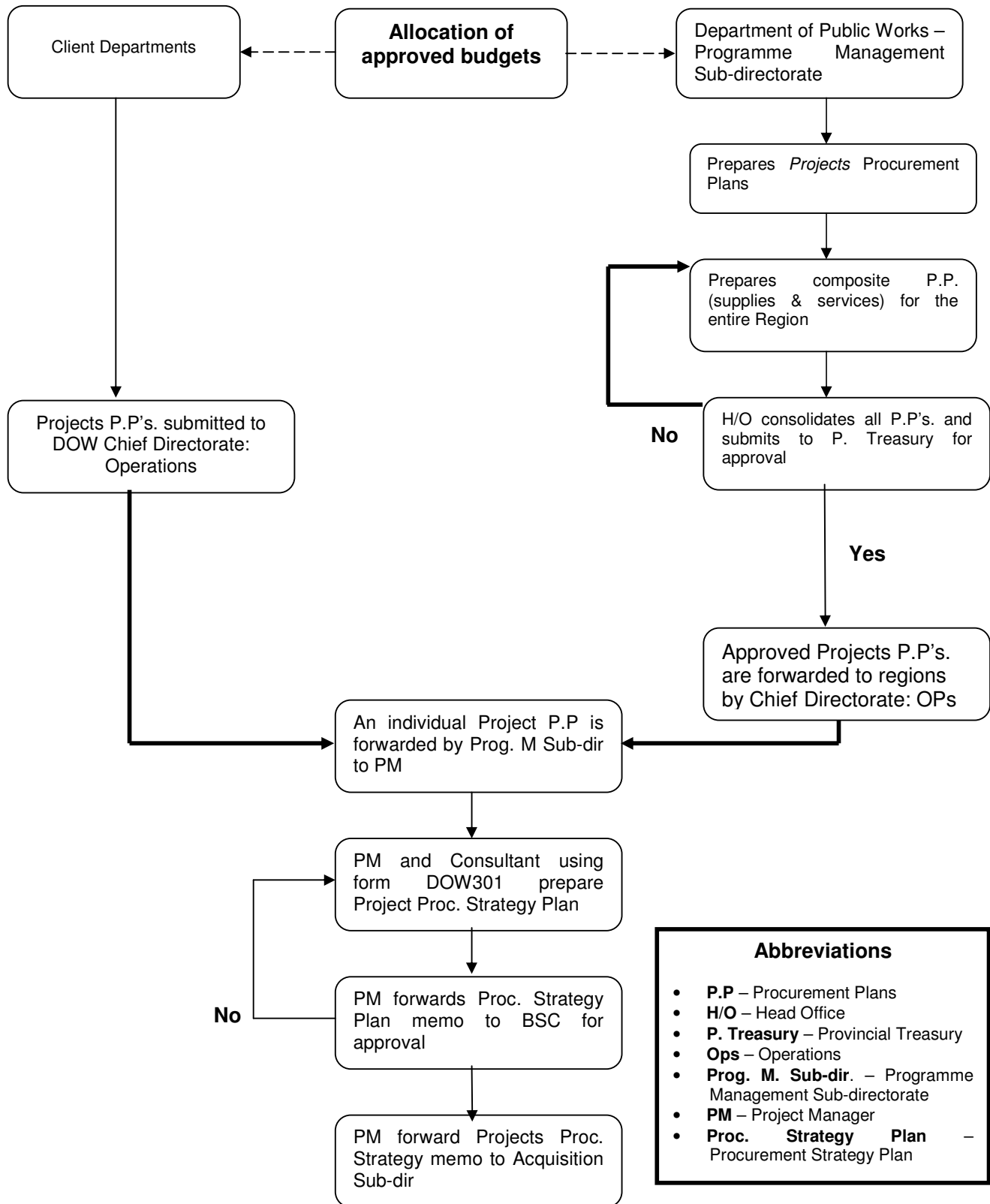
<b>Key:</b>	PM – Project Manager
	PA – Principal Agent
	RM – Regional Manager
	PBAD – Pre-Bid and Adjudication Division
	HOD – Head of Public Works
	BEC – Bid Evaluation Committee
	BAC – Bid Adjudication Committee
	BSC - Bid Specification Committee

Flow chart titled “Award of Tender (Contract)” which appears later in this Chapter should be consulted from this point for the Contract Award processes.

## 4.2 URGENT AND EMERGENCY CASES

Refer to Chapter 7 that deals with the processes for Urgent and Emergency cases

#### 4.3 FLOWCHART FOR APPROVAL OF THE PROCUREMENT STRATEGY FOR INCLUSION IN TENDER DOCUMENTS



## 4.4 PROCUREMENT PLANNING

### 4.4.1 Programme Management Sub-Directorate

An Accounting Officer (Head of Department), or his/ her delegate, must ensure that all goods, services and Works are clearly defined and budgeted for before any tenders are invited. Both the Regional Demand Section and the Programme Management Sub-directorate are responsible for the completion of a Procurement Plan. A consolidated Procurement Plan must be provided for the Department to Provincial Treasury which must be in accordance with the Department's Budget, Strategic Plan and Annual Performance Plan. The Procurement Plan must be approved by the Accounting Officer (Head of Department) and monitored on a quarterly basis. Client Departments will submit to the Department of Public Works approved Procurement Plans for every project in accordance with their targeted spending plans.

## 4.5 PROCUREMENT STRATEGY

Procurement of engineering and construction services must be carried out in accordance with a Procurement Strategy. This Strategy shall be selected by the Project Manager and approved by the Bid Specification Committee (BSC) before procurement by the Department of Public Works takes place. This strategy shall include:

- The Procurement Procedure
- The Evaluation Method
- The Applicable Preference Point System
- CIDB Contractor Grading Designation
- Socio-Economic Objectives

This Strategy will assist in achieving "targeted preferential procurement objectives" set by Departments in accordance with their Procurement Plan.

### 4.5.1 Project Manager

#### 4.5.1.1 The Request For Approval Of The Procurement Strategy, form DOW301 – Tenders or DOW302 - Quotations.

The Project Manager in collaboration with the appointed Principle Agent/ Consultant are to complete the above form. The completion of the form DOW301 is discussed below:

- (i) Engineering and Construction Works

**Tick block against this heading**

- (ii) The Threshold Value

**Depending on the value of the project tick either the block below R500 000 or above R500 000  
(Refer to the CIDB Tender Document to confirm the tender value range designation against the tender estimate).**

- (iii) The Value of estimate

**Enter estimate of cost of project and attached the form DOW017 titled Preliminary / Revised Estimate as prepared by the appointed Professional Consultant.**



(iv) The CIDB Contractor Grading Designation

In determining the contractor grading, a category of Works that best describes the Engineering and Construction Works contract must be selected. The tender value including Value Added Tax must be estimated and the tender value range designation within which this value falls must be identified i.e. the contractor grading requirement must be determined based on the estimate and on the Scope of Works e.g. 5CE. 5 represents a contractor's capability to undertake a contract in a particular class of Construction Works with a specified tender value range. For example CE depicts Civil Engineering class of Works in which the contractor is registered.

Contractors are graded according to the following categories:

**Contractor Grading Designations and Associated Parameters (As set out in the Construction Industry Development Board Amendment Regulation, 2008 (Government Gazette No 31603) which become effective on 1 January 2009.**

Contractor Grading Designation	Tender Value Range Designation	Range Of Tender Values	
		Greater Than	Less Than Or Equal To
1(Class of Construction Works)	1	R 0	R 200 000
2 (Class of Construction Works)	2	R 200 000	R 650 000
3 (Class of Construction Works)	3	R 650 000	R 2 000 000
4 (Class of Construction Works)	4	R 2 000 000	R 4 000 000
5 (Class of Construction Works)	5	R 4 000 000	R 6 500 000
6 (Class of Construction Works)	6	R 6 500 000	R 13 000 000
7 (Class of Construction Works)	7	R 13 000 000	R 40 000 000
8 (Class of Construction Works)	8	R 40 000 000	R 130 000 000
9 (Class of Construction Works)	9	R 130 000 000	No Limit

## Classes of Construction Work.

Description	Designation	Definition
<b>Civil Engineering Works</b>	<b>CE</b>	Construction Works that are primarily concerned with the materials such as steel, concrete, earth and rock and their application in the construction, operation, maintenance and management of hydraulic, structural, environmental and systems aspects of infrastructure works and services.
<b>Electrical Engineering Works (Infrastructure)</b>	<b>EP</b>	Construction Works that are primarily concerned with development, extension, installation, removal, renovation, alteration or dismantling of engineering infrastructure :  (a) relating to the generation, transmission and distribution of electricity; or (b) which cannot be classified as EB. <b>Basic Work Types :</b> Electrical power generation, transmission, control and distribution equipment and systems.
<b>Electrical Engineering Works (Buildings)</b>	<b>EB</b>	Construction Works that are primarily concerned with the installation, extension, modification or repair of electrical installations in or on any premises used for the transmission of electricity from a point of control to a point of consumption, including any article forming part of such an installation.  <b>Basic Work Types :</b> All electrical equipment forming an integral and permanent part of buildings and/or structures, including any wiring, cable jointing and laying and overhead line construction.
<b>General Building Works</b>	<b>GB</b>	Construction Works that : (a) are primarily concerned with the provision of permanent shelter for its occupants or contents : and (b) cannot be categorised in terms of the definitions provided for Civil Engineering Works, Electrical Engineering Works, Mechanical Engineering Works or Specialised Works.
<b>Mechanical Engineering Works</b>	<b>ME</b>	Construction Works that are primarily concerned with the installation, testing, operation and maintenance of machines, machine and thermodynamic processes and manufacturing, materials and handling plants and systems.
<b>Specialist Works</b>	<b>SB</b>	Asphalt Works
	<b>SC</b>	Building evacuations, shaft sinking and lateral earth support
	<b>SD</b>	Corrosion Protection (Cathodic, Anodic and Electrolitic)
	<b>SE</b>	Demolition and Blasting
	<b>SF</b>	Fire Prevention and Protection systems
	<b>SG</b>	Glazing, curtain walls and shop fronts
	<b>SH</b>	Landscaping, irrigation and horticultural Works
	<b>SI</b>	Lifts, Escalators and Travellators installation, commissioning and maintenance)
	<b>SJ</b>	Piling and specialised foundations for buildings and structures
	<b>SK</b>	Road markings and signage
	<b>SL</b>	Structural steelwork fabrication and erection
	<b>SM</b>	Timber buildings and structures
	<b>SN</b>	Waterproofing of basements, roofs and walls using specialist systems
	<b>SO</b>	Water supply and drainage for buildings (wet services plumbing)
	<b>SQ</b>	Precast concrete or steel fencing

**NOTE :** The EE Class of Construction Works is discontinued. The EB and EP Classes of Work separates Electrical Engineering Works relating to buildings which requires registration with the Electrical Contracting Board of South Africa from Works relating to infrastructure which does not require such registration.

The following two Classes of Specialist Works have been cancelled :  
(a) SA – Alarms , security and access control systems

- (b) SP – Building of Homes as contemplated in the Housing Consumer Protection Measures Act (Act No 95 of 1998)

The removal of the SA Class of Works removes Works which are considered to fall outside the scope of Construction Works. The removal of the SP Class of Works aligns with the exemption given to the construction of dwelling units for residential purposes (top structure) which falls within the ambit of the Housing Consumer Protection Measures Act (Act No 95 of 1986).

The following Class of Specialist Works has been added :

- (a) SQ – Precast concrete or steel fencing.

- (v) Form of Contract

**Depending on the type of Works, select and insert the latest version of either the Joint Building Contracts Committee (JBCC) Principal Building Agreement or the General Conditions of Contract (GCC) Agreement.**

- (vi) The Tender Criteria (to obtain offers from registered CIDB contractors)

**Select one of the appropriate Standard Procurement Procedures listed below:**

***Negotiated Procedure:*** Tender offers are solicited from a single Tenderer, provided a transparent and equitable pre-selection process is followed.

***Nominated Procedure:*** Contractors registered in the relevant category of the Provincial Suppliers Database are invited to submit Tenders on the basis of their location on the database and the requirements of the specific procure.

***Open Procedure:*** Normal open invitation from proper registered contractors.

***Qualified Procedure:*** A call for expressions of interest is advertised. Only CIDB contractors who have responded to the expressions of interest and who satisfy several additional determined criteria are invited to tender.

#### **The Evaluation Method**

***Method 1:*** Financial Offer Price

***Method 2:*** Financial Offer Price and Preferences

***Method 3:*** Financial Offer Price and Functionality

***Method 4:*** Financial Offer Price, Functionality and preferences.

*Method 2 is to be only used unless projects are of a complex design and build nature where quality is of paramount importance then select Method 4.*

- (vii) Preference Point Scoring System

**In terms of the Preferential Procurement Policy Framework Act (Act No. 5 of 2000) and its Regulations the Preference Point Scoring System to be applied is as follows:**

**Contracts (Tenders) with a rand value equal to or less than R 500 000, the 80/20-preference point system is applicable**

**Contracts (Tenders) with a rand value above R 500 000, the 90/10 preference point system is applicable.**

- (viii) The price/ functionality weighting applicable to the tender must be indicated.

**In completing paragraphs 4.3.1 and 4.3.2 of the form DOW301 for projects of a complex nature i.e. evaluation Method 4, the following Functionality Criteria as an example may be used in consultation with the Project Manager:**

- (a) Technical merit
- (b) Response to (ability to relate to) the proposed Scope of Works/ project design
- (c) Aesthetic and functional characteristics
- (d) Safety and environmental characteristics
- (e) Quality control practices and procedures, which ensure compliance with, stated employers characteristics;
- (f) Reliability;
- (g) Durability;
- (h) Organisation, logistics, and support resources relevant to the Scope of Works
- (i) Qualifications and demonstrated experience of key staff (assigned personnel) in relation to the Scope of Works;
- (j) Demonstrated experience of the tendering entity with respect to specific aspects of the project/ comparable projects;

**It is recommended that no more than three to four functionality criteria be selected. In determining Functionality Criteria in liaison with Project Manager, consideration is to be given how these are to be measured, verified and evaluated in tender submissions.**

**Weightings need to be assigned to each of the Functionality Criteria selected. Total weighting must equal 100 points.**

**Minimum qualifying score for Functionality must be 50 percent unless motivated otherwise to the Bid Specification Committee.**

**NOTE: In applying Method 4: Financial Offer Price, Functionality and preferences the CIDB makes the following point which should not be overlooked.**

**Any eligibility criteria introduced into the Tender Data should generally be based on the demonstration of the following, as necessary:**

- (a) professional and technical qualifications;
- (b) professional and technical competence;
- (c) financial resources;

- (d) equipment and other physical facilities
- (e) managerial capacity, reliability, experience, and
- (f) reputation

**Eligibility criteria framed around race and gender may be regarded as a “*the denial of access to opportunities*”: an action prohibited in terms of section 7 and 8 of the Promotion of Equality and Prevention of Unfair Discrimination Act of 2000 (Act 4 of 2000). Eligibility criteria **MUST NOT** be used to create captive or restrictive markets or to erect unjustifiable barriers to trade.**

**Quality(Functionality) should be introduced into the evaluation of tender submissions where it is required to achieve policy objectives in terms of an organisation’s procurement policy or it is justifiable in terms of procurement outcomes. Quality (Functionality) measures **MUST NOT** promote captive markets and should result in quality that is appropriate to comply with user requirements as opposed to the best quality available**

(ix) Preference Points System Goals

**Preference goals that will be utilized must be selected and maximum points must be given to each goal totalling to 20 or 10 depending on the preferential point system used. These points must be converted to a percentage for inclusion in the Tender Documents. Care must be taken to ensure that the goals selected are in line with the targets set in the Procurement Plan of the Department or the Client Department unless the project is an unplanned one. If the project is an unplanned one, the Preferential Procurement Objectives (PPO’S) of the relevant Department must be used to establish targets. The goals to be selected from are as follows:**

- (a) HDI ( women) equity ownership
- (b) HDI (disabled) person equity ownership
- (c) HDI (youth) equity ownership
- (d) HDI (PPG i.e. African) equity ownership (PPG - priority population group)
- (e) HDI (coloured and/or Indian ) equity ownership

(x) Expanded Public Works Programme (EPWP) elements

**Tick the yes or no block whichever may be applicable**

(xi) Emerging Contractor Development Programme elements

**Tick the yes or no block whichever may be applicable**

(xii) Tender Validity Period

**Insert Sixty (60) days in this block**

(xiii) Additional Comments

**Any pertinent special comments relating to this project, which need to be brought to the attention of the members of the BSC, should be inserted in this space**

(xiv) Onward Transmission to BSC

**The Project Manager is to sign the submission containing the recommendation and arrange for it to be supported by a Senior Official and given to the Secretariat of the BSC to place the item on the agenda. This documentation is to be accompanied by the Certificate of Correctness (DOW019).**

**If not approved by the BSC, the Procurement Strategy submission is returned to the Project Manager to effect amendments.**

**On approval the Project Manager will pass the Procurement Strategy submission to the Acquisition Management Sub-directorate to obtain approval to advertise the service. The Secretariat of the BSC is to ensure that the Regional Programme Management Sub-directorate is given a copy of the minutes of each meeting held in order that the Projects Database maintained by that Component can be updated.**

## **4.6 INVITATION TO TENDER**

### **4.6.1 Spreadsheet For the Monitoring of The Progress of Tenders**

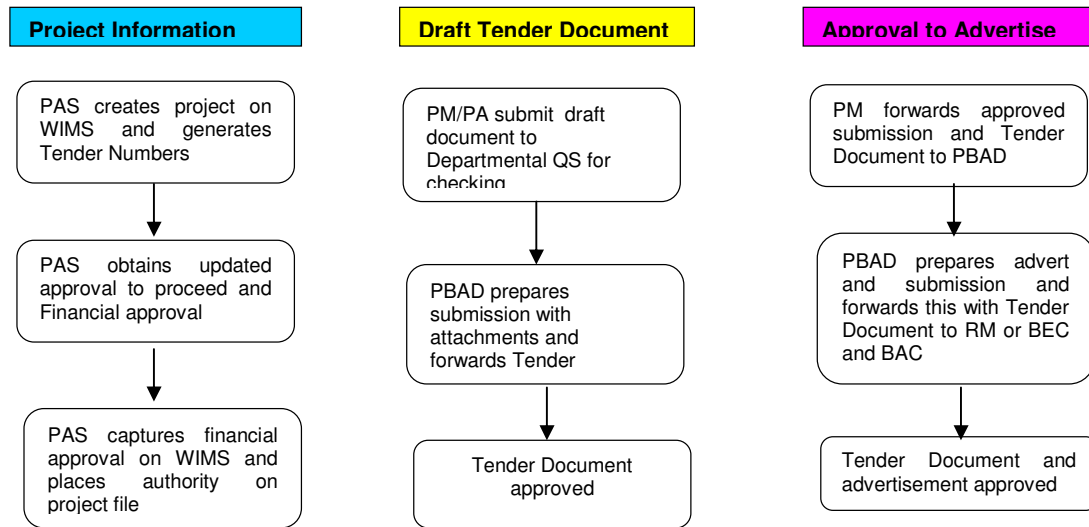
A member of the Procurement and Pre-Bid Division of the Acquisition Management Sub-directorate must be assigned the duty to monitor and capture on computer the tender processes for each tender which will serve as a progress tracking tool and ensure that tender validity periods are not allowed to lapse.

Each member of this Division who are assigned different tender duties to perform according to the various tender processes must ensure that the official is given detail of the progress being made with projects until contract awards are made.

The Assistant Manager of the Division must be given at the beginning of each week a computer printout of this progress in order to monitor such and to initiate proactive and corrective measures where deemed necessary, to avoid the expiry of tenders. Programme Management, Project Manager and Principal Agent must be given a weekly courtesy copy as well.

An example of the Spreadsheet to use to track the tender processes is set out in Specimen  
7

#### 4.6.2 APPROVAL OF TENDER DOCUMENT TO ADVERTISE - Above R500 000 including VAT



##### Key:

**PAS** - Programme Administration Section  
**PM** - Project Manager  
**PA** - Principal Agent  
**BSC** - Bid Specification Committee  
**BEC** - Bid Evaluation Committee  
**BAC** - Bid Adjudication Committee  
**RM** - Regional Manager  
**PBAD** - Pre-Bid and Adjudication Division

##### Note:

##### SCM Delegation 4.1

BSC has “unlimited financial” authority to approve the compilation of bid specifications and determination of bid criteria.

##### SCM Delegation 4.2

To approve a Tender Document and the draft advertisement thereof – Level 13 R1 000 000, BAC Unlimited.

#### 4.6.3 Tender Number and Tender Documentation Information Relating to Obtaining Approval To Advertise

##### 4.6.3.1 Programme Administration Section

Tender numbers will be generated by the Works Information Management System (WIMS) automatically. This number will be linked to the WIMS number. The tender number will be generated as follows:

The first three characters will be ZNT, followed by the letter of the category code linked to the service and which will indicate the Region, followed by a 5 digit number system generated in sequence and ending with a W.

e.g.: ZNTM00001W for Southern Region  
 ZNTD00001W for Ethekwini Region  
 ZNTU00001W for Northern Region  
 ZNTL00001W for Midlands Region

Close to the time for the receipt of the draft Tender Document, the Programme Administration Section of the Programme Management Sub-directorate must obtain approval to proceed and financial authority for the estimated cost from the Client Department or delegated official, if a project for the Department of Public Works. The confirmation must be captured on WIMS on screen PBS-U and the Programme Administration Section must capture the estimate of cost on screen WD01PU.

#### **4.6.3.2 Project Manager**

The anticipated tender advertisement date must be captured using screen WE01PU.

Once a project has been fully documented, the Project Manager, Principal Agent/Consultant and Departmental professional Quantity Surveyor or Engineer must carefully check the draft Tender Document to ensure that it has been accurately compiled. A compliance certificate – “Certificate of Correctness” form DOW019 must be completed by the Consultant for signature by the Project Manager.

The draft Tender Document and a full set of drawings, if applicable, together with the Certificate of Correctness form DOW019, the estimate of cost (DOW017) and memorandum DOW303 or DOW306 must be submitted to the Secretariat of the Regional Bid Specification Committee.

- (i) For tenders with an estimated cost of greater than R1m, the Bid Specification Committee will on DOW303 indicate that the specification is in order.
- (ii) For tenders with an estimated cost up to R1m, the Bid Specification Committee will on DOW306 indicate that the specification is in order.

The Bid Specification Committee must consider whether all the quality assurance standards have been met with regard to the type of service that is requested. This Committee is ultimately responsible for ensuring that the draft Tender Document is properly compiled with regard to the specifications and tender evaluation criteria and confirms that the socio-economic objectives have been achieved. This approval is arranged applying SCM Delegation 4.1.

If the draft Tender Document is found to be in order the members of the Bid Specification Committee will sign either DOW303 or DOW306 and return same to the Project Manager to update WIMS screen PBS-U and to pass all documentation to the Pre-Bid and Adjudication Division of the Acquisition Management Sub-directorate for further action.

#### **4.6.3.3 Pre-Bid and Adjudication Division**

Application for the Approval of the Tender Document and Advertisement thereof, applying SCM Delegation 4.2.

- (i) Projects valued from R1m and above
  - (a) The Pre-Bid and Adjudication Division must prepare the advertisement submission using Specimen 1 addressed to the **Bid Adjudication Committee (BAC)**. A notice and



invitation to tender (draft advert) must also be prepared as Annexure A (DOW304) to the advertisement submission.

- (b) The number of copies with the relevant attachments to be submitted to the Bid Adjudication Committee are: the original signed submission by the Project Manager and the Chairman of the Bid Evaluation Committee (BEC), plus six (6) copies thereof with one (1) set of the Tender Document.
- (ii) Projects valued from R500 000 up to R1m
- (a) The Pre-Bid and Adjudication Division must prepare the advertisement submission using Specimen 2 addressed to the **Regional Manager**. A notice and invitation to tender (draft advert) must also be prepared as Annexure A (DOW304) to the advertisement submission.
  - (b) Only one (1) copy of the Tender Document together with the original signed submission by the Project Manager and the Chairman of the Bid Evaluation Committee (BEC), with its annexures is to be submitted to the Regional Manager for consideration of approval

## 4.7 ADVERTISEMENT

### 4.7.1 Advertising Mediums

Tenders are invited by using the following mediums:

- (i) Government Tender Bulletin
- (ii) Newspapers (Widely-KZN –distributed English and IsiZulu newspapers)
- (iii) CIDB Website – i-Tender facility

### 4.7.2 Advertisement of Tender on CIDB Website

All tenders for engineering and construction Works must be advertised on the CIDB Website i.e. through the i-Tender@CIDB address. Advertisements **MUST** be placed on this Website at least 10 working days before the closing date for tenders and at least 5 working days before any Compulsory Official Briefing/Site Inspection Meeting.

Only those Officials who have been authorised (given a user number) by the CIDB to perform functions on its site may attend to this duty

### 4.7.3 Procedure for placing Tender Advertisements in the Government Tender Bulletin and Newspapers.

**NOTE: In terms of SCM Delegation 3.1 where the estimated value of a project exceeds R200 000 and does not exceed R500 000, quotations must be invited by way of an advertisement in the Local Press and the same notice must be displayed on Notice Board of the Office inviting the quotation.**

Once the approval of the draft Tender Document and advertisement thereof, is received from the Manager (Level 13) for projects valued from **R500 000 up to R1m** or from the Bid Adjudication Committee for projects valued from R1m and above, the Pre-Bid and Adjudication Division will arrange for the placement of advertisements in the Government Tender Bulletin, newspapers and on the CIDB Website.

The advertisements will be placed in the Government Tender Bulletin, The Ilanga and the Natal Mercury. The Government Tender Bulletin is published on a Friday and the newspapers advertisement should appear on the same weekday. Other media may be utilised in addition to the above. The Government Tender Bulletin is published by the Government Printer based in Pretoria. Officials who are responsible to arrange for the publication of tender notices are to observe that it takes the Government Printer one week to publish a Tender Notice. This one-week lag must be taken into consideration when determining the date of availability of the particular Tender Document and setting the closing date of the Tender. These dates must be observed when determining the Compulsory Official Meeting/Site Inspection date time and venue.

#### **4.7.3.1 Closing Times For The Acceptance Of Notices**

The Government Tender Bulletin is published every week on Friday, and the closing time for the acceptance of notices which have to appear in the Government Tender Bulletin on any particular Friday, is **15:00 one week prior to the publication date**. Should any Friday coincide with a public holiday, the publication date will be moved one day before the Public Holiday. However, the closing date for acceptance of advertisements moves backwards accordingly, in order to allow for 5 working days prior to the publication date.

Notices received **after closing time** will be held over for publication in the next Government Tender Bulletin.

Amendments or changes to notices cannot be undertaken unless instructions are received **before 10:00 on Mondays to appear in the Friday publication of the same week**.

Notices for publication or amendments of original copy cannot be accepted over the telephone and must be brought about by letter, by fax or by hand. The Government Printer will not be liable for any amendments done erroneously.

#### **4.7.3.2 Determination of Closing Date, Compulsory Official Briefing Meeting / Site inspection Date and Printing of Tender Documents**

Pre-Bid and Adjudication Division will liaise with the Project Manager/Consultant and fix the date for the Compulsory Official Briefing meeting / Site inspection and the closing date. The dates that have been set need to be confirmed in writing to the Project Manager/Consultant by the Pre-Bid and Adjudication Division, using DOW008. The Pre-Bid and Adjudication Division must also request the Project Manager/Consultant to print sufficient Tender Documents for issue to Tenderers in issuing DOW008.

**NB:** Before deciding on the closing and site inspection meeting dates allow a reasonable period of time to

- (i) print the required number of documents;
- (ii) collate the printed documents;
- (iii) check for their accuracy and correctness;
- (iv) bind the tender documents and;
- (v) deliver the documents to the Department for issue to Tenderers

The tender must be advertised for at least 21 calendar days before closure. All Tender Documents should be available on the publication date of the advertisement. **In justifiable circumstances, the Accounting Officer/ delegated authority may allow the shortening of the closing date, however this should not disadvantage any potential contractors from tendering, e.g. adequate time to price Tenders.**

The closing date for receipt of tenders and if necessary, the Compulsory Briefing Meeting/ Site Inspection date must be indicated in both T1.1 – Notice and Invitation to Tender and T1.2 -Tender Data Form as contained in the Tender Document and must be checked for correctness by the Project Manager/Consultant to ensure that the information has been accurately recorded.

#### **4.7.3.3 Advertisements Procedures**

- (i) Newspaper Media

Using form DOW100 to which is attached the Notice and Invitation to Tender Notice, form DOW304, which is attached to the submission for approval to advertise the project, the Pre-Bid and Adjudication Division must request the newspaper media by fax to each submit a quotation, and a typed version of the Notice for checking. The newspaper address list is detailed on Form DOW102.

- (ii) Government Tender Bulletin

Similarly, submit a request to the Government Printing Works, Pretoria to arrange for the service to be advertised in the Government Tender Bulletin, using Form DOW101 together with the typed version of the Notice and Invitation to Tender, form DOW304 which is attached to the submission for approval to advertise the project. The BAS/SCOA Transaction codes are reflected on the form DOW101 to enable the Government Printing Works, Pretoria to recover expenditure from the Department of Public Works. Upon receipt of the advertisement publication cost from the Government Printing Works, the Pre-Bid and Adjudication Division is to request the Provisioning Division to **urgently** prepare an official order and to forward it by facsimile transmission to that department for further action. Thereafter the official order is to be posted to the Government Printing Works. Copies of these transactions must be placed on the Project File.

Upon receipt of the quotations, the typed versions of the **newspapers advertisement** must be carefully checked for accuracy, and if necessary they must be clearly amended and the

relevant newspaper Office notified to effect corrections. The Pre-Bid and Adjudication Division is responsible for this action.

The Provisioning Division of the Acquisition Management Sub-directorate must prepare the Official order to the newspaper and using DOW305 must send a letter to the newspapers indicating that the quotation is acceptable. The order number must be provided. Copies of these transactions must be placed on the Project File.

On publication of the advertisements (in both newspapers and Government Tender Bulletin), it is imperative to check its correctness and if incorrect in any way, take remedial action immediately.

A copy of the Notice and Invitation to Tender, form DOW304 must be displayed on the Foyer Notice Board of the Office responsible for advertising tenders.

A copy of the Government Tender Bulletin advertisement must be placed on the Project File.

#### **4.7.4 Advertisement of Contract Awards**

All tenders accepted for a contract award must be advertised in the Government Tender Bulletin as per SCM Delegation 4.3.

The procedure to advertise in the Government Tender Bulletin as outlined above must be followed.

The advert must be set out as follows:-

<b>Award of Tender</b>		
<b>Service</b>	:	<i>(insert description of tender)</i>
<b>Bid No</b>	:	<i>(insert)</i>
<b>Contractor</b>	:	<i>(insert)</i>

#### **4.7.5 Advertisement Arranged By E-mail**

It is acceptable to use email facilities to arrange for the publication of adverts provided that the standard letters are used and that hard copies of messages are placed on the Project File.

#### **4.7.6 Distribution of Government Tender Bulletin**

The Pre-Bid and Adjudication Division must obtain a weekly supply of the Government Tender Bulletin from the Policy Development and Quality Control Directorate. A copy must be placed on the respective Project File.

#### **4.7.7 Payment of Advertisement Accounts**

As a gesture of goodwill, it is a policy of the Department of Public Works to meet all costs for services advertised on behalf of client departments.

On receipt of the Tax Invoice or Statement and attaching supporting evidence proving that the advertisement was satisfactorily arranged, payment must be processed. The BAS/SCOA Transaction and codes are as follows:

Fund : Voted Funds  
Responsibility: \_\_\_\_\_ Region (*insert name of Region/ Head Office*)  
Objective : Personnel and Admin Related: Prog 3 Current  
Item : Advert: Tenders  
Project : No Project Current

**NOTE:** For audit purposes, kindly cross-reference correspondence by using the Project File and [10/4/8](#) Advertising of Tenders file.

#### **4.8 ISSUE OF TENDER DOCUMENTS TO CONTRACTOR**

A complete set of the Tender Document is issued free-of-charge to a bona fide contractor. Form DOW011, titled, "Documents Given to Contractors", must be completed which will form an eventual composite record of all tenderers who have taken Tender Documents.

On issue of a Tender Document, Form DOW010, titled, "Acknowledgement By Prospective Tenderer of Receipt of Tender Document at Site Inspection", must be completed by the Tenderer and placed on file especially opened containing the ZNT tender number and service description.

The details of tenderers who have taken documents are kept in case it is necessary to:

- (i) issue an addendum to amend or amplify Tender Documents or
- (ii) extend the closing date

The stock of documents on hand must be monitored. When the stock level reaches five (5), and there is still enough time for tenders to close, request the Project Manager/ Consultant to print more documents.

#### **4.9 MATTERS FOR THE COMPULSORY OFFICIAL BRIEFING SESSION**

##### **4.9.1 Attendance**

Prior to advertisement, the Project Manager/Consultant must decide whether a compulsory official briefing session/ site inspection is required and, if so, it must be stated in the advertisement and Tender Documents. An official briefing session/ site inspection will only be held if the tender advertisement clearly states that it is compulsory.

Prior to the meeting, prepare an Attendance Register, Form DOW012. Ensure that there are sufficient pages of the Attendance Register to cater for at least those tenderers who have already drawn Tender Documents up to the day prior to the set date of the Pre-Tender meeting/ site inspection. Also make allowance for other tenderers who may wish to draw Tender Documents prior to the start time of the meeting. No Tender Document must be issued to tenderers after the close of the meeting. Tenderers must complete Form DOW010 – Acknowledgement of receipt of Tender Documents.

Just in case there are not enough spare Tender Documents available for issue at the meeting, ensure that there are spare copies of the Compulsory Pre-Tender Briefing Meeting Certificate (DOW076) included in the Tender Document to hand. These spare certificates can then at least be signed and dated by a Departmental official and the actual Tender Document can be provided to the tenderers concerned, at the earliest opportunity after the meeting.

#### **4.9.2 Conducting The Meeting**

The Project Manager will chair the meeting or nominate a person with sufficient knowledge of the project.

##### **In opening the meeting remember:**

- (i) to request those present to complete and sign the Attendance Register-Form DOW012.
- (ii) to request those drawing Tender Documents to complete Form DOW010.
- (iii) not to disclose the actual estimate of cost for the service.
- (iv) to instruct those present to ensure that they have the necessary Compulsory Pre-Tender Briefing Meeting Certificate (DOW076), included in the Tender Document, signed and dated by a Departmental official present at the meeting, prior to leaving the venue at the close of the meeting.
- (v) to request those present, who during the meeting decide not to continue in the tender process to leave the drawn Tender Document behind and to not discard it.
- (vi) to remind those present of the closing time and day for receipt of tenders and where tenders close.
- (vii) **to remind those present that the Tender Document must be properly and accurately completed and signed where required and all supporting documentation required to be provided by a Tenderer, must be submitted, sealed in an envelope with the tender number and description of service , closing date and name and address of the Tenderer written clearly on the envelope.**
- (viii) to take care not to give any undertakings that are contrary to the Conditions of Contract. In exceptional cases, any requirements not stated in the documentation must be provided, in writing, as an addendum. Written receipt of the addendum must be obtained.

##### **Apart from explaining the purpose of the contract, the following needs to be explained:-**

- (i) anything contained in the documentation which may require elaboration / clarity .
- (ii) remember to state that no verbal statements will be regarded as contractual, unless it is subsequently given, in writing, as an addendum.

## General

- (i) Remember that any answer given to a question which may have any bearing in relation to the contractual conditions contained in the Tender Document, must be accurately recorded (together with the question) in the minutes of the Compulsory Official Briefing Meeting/ Site Inspection Meeting. Such meeting minutes must be provided to all those present at the meeting, preferably by facsimile transmission or e-mail, before the closing date for tenders. It would be preferable to have receipt of such meeting minutes acknowledged by return of facsimile transmission or e-mail.
- (ii) The meeting is to have a clear start time. Once the meeting is completed, it must be formally closed and the time noted.
- (iii) Once the meeting has officially commenced, tenderers that are late in arriving CANNOT be entered into the attendance register.
- (iv) Minutes of the Compulsory Official Briefing Meeting/ Site Inspection Meeting are to be filed in the project file.

## Tax Clearance Certificate Requirements

- (i) Explain that the State / Province may not award a contract resulting from the invitation of tenders to a Tenderer who is not properly registered and up to date with tax payments or, has not made satisfactory arrangements with S A Revenue Services concerning due tax payments.
- (ii) Tenderers are required to complete form TCC 001 "Application for a Tax Certificate" obtainable from SARS and submit it to any SARS branch office nationally. SARS will furnish the Tenderer with a Tax Clearance Certificate that will be valid for a period of one year from the date of approval.
- (iii) An original valid Tax Clearance Certificate must be submitted with the Tender Document unless the Department is in possession of a **valid original Tax Clearance Certificate** prior to close of tender. Each Region should maintain a Tax Clearance Certificate database.
- (iv) Certified copies of the Tax Clearance Certificate will not be acceptable.
- (v) Application for Tax Clearance forms are available also on SARS website [www.sars.gov.za](http://www.sars.gov.za).

## KwaZulu-Natal Provincial Suppliers Database Registration

Tenderers must be informed that they must be registered on the Provincial Suppliers Database and tenders submitted by tenderers not registered will be disqualified. Tenderers not registered must apply for registration from Provincial Treasury at the address and telephone contact details as follows:

Ground Floor  
Treasury House (NBS Building)  
145 Albert Luthuli Rd (Corner of Albert Luthuli Road and Church Street)

Toll free: 0800201049  
Tel : 033- 897 4378/ 897 4508/ 897 4509

Fax : 033-897 4217

The website address is <http://www.kzntreasury.gov.za>

### **CIDB- Construction Industry Development Board Registration**

It must be explained to tenderers that only those who are registered with CIDB or who are capable of being registered prior to evaluation of tenders will be eligible to submit tenders. *Tenderers who are not registered in the class of grade required or higher will not be evaluated.*

CIDB contact details are as follows:

Contractor Contact Centre  
Private Bag X14  
Brooklyn Square 0075  
Pretoria  
South Africa

Helpline: 0860-103-353 - Fax: 012-482-7272

E-Mail : [register@cidb.org.za](mailto:register@cidb.org.za)

Website: [www.cidb.org.za](http://www.cidb.org.za)

### **Preference Point Schedule**

Explain to the tenderers that failure to sign the Preference Point Schedule in the Tender Document will result in no preference points being awarded.

## **4.10 SUBMISSION OF TENDERS**

### **4.10.1 Pre-Bid and Adjudications Division of the Acquisition Management Sub-Directorate**

#### **(i) Tender Openings**

Open tender submissions in the presence of tenderers or their representative agents who choose to attend at the time and place stated in the Tender Data.

Two authorised officials of the Pre-Bid and Adjudications Division must arrange to open the Tender Box, who will assist in the process and act as witnesses, in case of queries that could be raised by the public or tenderers themselves.

As there could be several other tenders closing on the same date and time, on removing the documents from the Tender Box, separate the different tenders received, by placing alike ones together.

Both the Tender Envelope and the Form of Offer submitted by each Tenderer must be stamped, indicating the closing date and time and initialled by the officials undertaking this task.

Mark each tender, using a system of consecutive numbers i.e. if 20 tenders are received the first tender number should be marked 1/20 and the last tender as 20/20. This must be done on the right-hand top corner of the Form of Offer.



The following information may be announced at the public opening of a tender:

- (a) The name of each Tenderer.
- (b) The total price (financial offer) of each tender or alternative tender offer, except where the number of items or the complexity of the tender makes it impractical.

A register of tenders received must be kept. The names of the each Tenderer and the tender price submitted must be recorded, in schedule form in duplicate, and signed by both of the officials authorised to open the tenders. This will form the official record of the receipt of tenders. One copy must accompany the tenders for evaluation.

Make available the record, to all interested parties on request.

In order to not mislay any documentation received, they should be returned to the envelope or securely bound, with the opened envelope.

#### **(ii) Late Tenders**

A tender offer must be submitted on or before the closing date and time, and at the address stated in the Notice and Invitation to Tender.

Tenders received after the stipulated closing time, or tenders that are not delivered in accordance with the instructions given to tenderers shall not be considered and must be returned unopened.

If the envelope does not have a return address on it, then it will have to be opened to establish this information.

If the Tenderer refuses to take back the late tender, indicate time of receipt on envelope and date and sign. A letter must be sent to the Tenderer together with his/ her tender indicating the time the tender was received and that late tenders are not accepted.

#### **(iii) Scheduling Of Tenders Received**

The Pre-Bid and Adjudication Division will schedule all tenders, listing the lowest tender first through to the highest one received. A copy of this schedule is placed on the Notice Board for general information.

#### **(iv) Forwarding Of Tender / Quotation Documents For Evaluation**

As soon as practical, the Tender Documentation must be submitted to the Project Manager/ Consultant for evaluation purposes within 10 days. It would be wise to arrange for the documents to be collected and signed for.

The Pre-Bid and Adjudication Division must prepare the pre-evaluation (Pre-screening) material for the Project Manager/Consultant which includes:

- (a) print-outs of the Provincial Supplier Database registration confirmation,
- (b) the verification of the Tax Clearance Certificate,
- (c) information of tenderers who have been performing poorly on other projects and who have been given a written notification to this effect,

- (d) an electronic proforma Tender Award submission together with an Excel Preference Points calculation schedule and any other information deemed to be important for the evaluation;
- (e) CIDB Registration.

Where an appointed consultant is responsible to undertake the evaluation of tenders / quotations, Form DOW013, is completed, giving ten (10) days to furnish a recommendation. Where the evaluation will be handled departmentally, a Memorandum, worded the same as Form DOW013, must be issued to the responsible official and pending for follow-up purposes. Follow-up on the recommendation for a contract award if it has not been received within fourteen (14) days of the date of the letter requesting the responsible Project Manager/Consultant to undertake the evaluation of tenders

Open up a procurement file for evaluation. Classify this file as “pending” the outcome of the evaluation. If after a month the Project Manager/ Consultant have not submitted the evaluation report, notify them that the evaluation must be completed or the validity of the tender would lapse.

Keep a copy of this reminder on the procurement evaluation file.

#### **(v) Extension To Tender Validity Period**

If the Project Manager/ Consultant pre-determine that the validity period for a tender/quotation needs to be extended, he/she must provide valid reasons, in writing, to the Department. If the evaluation is delayed by the Departmental Committees, the Procurement and Post-Bid Division will determine the reasons to apply for an extension to a validity period for a tender/quotation.

A submission must be prepared to the Regional Manager to seek an extension to a tender validity period, giving reasons for the request. Form DOW013A is used for this purpose.

Approval to extend a validity period for a tender/quotation is granted by a Regional Manager in terms of SCM Delegation 4.10

All tenderers must be contacted by fax, using form DOW013B, notifying them that an extension of the validity of a tender/quotation has been granted and enquire from them if they are willing or not to extend the validity period of their tenders/quotations to the approved set date.

Place on file, the fax message confirmation (i.e., records date and time of successful transmission) of having forwarded a letter (Form DOW013B) to each Tenderer (NB. Use the facsimile numbers indicated by Tenderers in their Tender Offers). It is advisable to alert tenderers as well by telephone of the request to extend validity periods of tenders/quotations.

On receipt of the written confirmation, whether in the affirmative or not, notify all concerned of the outcome to the matter.

## 4.11 EVALUATION OF TENDERS

### 4.11.1 Pre-Bid and Adjudications Division of the Acquisition Management Sub-Directorate

#### (i) Revision of Estimate

Should it become necessary to revise the estimate after the receipt of tenders then the new estimate must be utilised for the comparison of tender prices received. However, the reason for the revision and detail thereof must be clearly stated in the submission recommending a contract award. Care must be taken to ensure that this happens only in exceptional cases. Attach to the submission the breakdown of the revised estimate as reflected on Form DOW017 from the Consultant.

Should the revised estimate result in the Project moving to the next upper CIDB Grade, then in fairness the Tender should be cancelled and re-advertised.

#### (ii) Financial Authority

The recommended tender amount may require to be authorised once more if it is greater than the approved estimate of cost already obtained.

#### (iii) Evaluation Process

An Adjudicating (Evaluation) Team must be formed comprising the Project Manager, Consultants and a Supply Chain Management Practitioner. They must be knowledgeable and have no personal interest in the tender and their names must be stated in the Recommendation for a Contract Award.

#### (iv) Elimination of Tenders

##### ***Determine whether or not tender offers are complete.***

- (a) Compare the tender submission (offer) against the List of Returnable Documents as stated in the Tender Document and identify schedules and component documents that have not been returned or are incomplete.
- (b) Record what is incomplete and missing.

##### ***Determine whether or not tender offers are responsive***

- (a) Any tender that does not comply with the responsiveness criteria specified the Tender Document will be rejected.
- (b) A Responsive Tender is one that, without any deviation or qualification, conforms to all the items, conditions, and specification of the Tender Document i.e. the minimum conditions and standards that a Tenderer must comply with in order for it to be regarded as having responded to the invitation to tender.

##### ***Non Responsive Tenders that do not comply with (ii) above:***

- (a) Tender offer has not been properly and fully completed and signed in ink;

- (b) Tender offer does not meet the requirements of the Standard Conditions of Tender;
- (c) Tenderer is not registered on the Provincial Suppliers Database and on the CIDB Register of Contractors or is not capable of being registered prior to evaluation;
- (d) Tenderer has not attended the Compulsory Official Briefing /Site Inspection Session;
- (e) Alterations are made which do not conform to instructions;
- (f) Tenderer has not observed pricing instructions;
- (g) Tender offer does not cover the Scope of Work;
- (h) Tenderer fails to provide additional information by due date (within 14 calendar days);
- (i) Tender offer contained material deviations or qualifications;
- (j) Tender offer does not have an original and valid Tax Clearance Certificate nor is the Department in possession of one prior to the close of tender;
- (k) Tenderer does not have a Certificate of Good Standing with the Compensation Commissioner.
- (l) A tender submitted by a Joint Venture or Consortium, will be rejected if every member of the Joint Venture or Consortium is not registered on the CIDB Register of Contractors.
- (m) If the Authority to Sign Tender is not signed/ accompanied by a resolution authorising one of the directors/ members or partners to sign the tender offer (this is to prevent a person employed by a company submitting a tender without the knowledge and approval of the management);
- (n) Compulsory Enterprise Questionnaire is not completed.

### ***Perform a Risk Analysis***

Confirm that Tenderer:

- (a) Is not under any restrictions, or has principals who are under any restrictions from participating in public procurement (i.e. not listed on the Register of Tender Defaults in terms of the Prevention and Combating of Corruption Activities Act of 2004 that prevents people from doing business with the Public Sector);
- (b) Can demonstrate that he/she possesses the necessary professional and technical competence, financial resources, equipment and other physical facilities, managerial capability, reliability, experience and reputation and the personnel to perform the contract;
- (c) Has the legal capacity to enter into a contract;
- (d) Is not insolvent, in receivership, bankrupt or being wound up, or has its affairs administered by a Court or a Judicial Officer, has suspended its business activities, or is subject to legal procedures in respect of the foregoing;
- (e) Does not have conflicts of interests which may impact on his/ her ability to perform the contract in the best interests of the employer.
- (f) The Tenderer has failed to perform on a current contract and has been given a written notice to this effect.

Even though CIDB provides information on the financial ability of a contractor to carry out projects of certain values, financial institutions must be approached for a recommendation relating to a financial capability of a contractor to finance a proposed contract. They require a contract amount and a contract period to provide

a rating. This will also include the letter of intent to provide a performance guarantee.

Record reasons for declaring a Tenderer non responsive.

Aside from meeting the above requirements, the Evaluation Team may request a Tenderer to submit any or all of the following information that is required to evaluate a tender.

- (a) A certified copy of the Founding Statement (CK1), if the firm is a closed corporation;
- (b) A copy of the Articles of Agreement (CM1) and shareholding certificates endorsed by an auditor, in the case of a private company;
- (c) In the event of a Tenderer being a public company, a letter from their auditors, certifying their status as a public company, and a certified copy of the tenderer's Articles of Agreement;
- (d) A copy of the Articles of Agreement (CM1) and shareholding certificates, endorsed by the auditor if the firm is a Company;
- (e) A certified copy/copies of identity document(s) if natural person(s) or partnership;
- (f) A copy of the Joint Venture Agreement if the Tenderer is a Joint Venture or Consortium;
- (g) A copy of the Trust Agreement if Preference Points are claimed by a Trust.

**(v) Reduce tenders to comparative offers (financial offer where all factors of non firm prices are taken into account)**

**(a) Arithmetical errors, if applicable to the Tender**

Check responsive tender offers for arithmetical errors, correcting them in the following manner:

Where there is a discrepancy between the amounts in figures and in words, the amount in words shall govern.

If a Bill of Quantities (or Schedule of Quantities or Schedule of Rates) applies and there is an error in the line total resulting from the product of the unit rate and the quantity, the line item total shall govern and the rate shall be corrected. Where there is obviously gross misplacement of the decimal point in the unit rate, the line item total as quoted shall govern, and the unit rate will be corrected.

Where there is an error in the total of the prices either as a result of other corrections required by this checking process or in the tenderer's addition of prices, the tendered total of prices shall govern and the Tenderer will be asked to revise selected item prices (and their rates if a bill of quantities applies) to achieve the tendered total of prices.

Consider the rejection of tender offer if the Tenderer does not correct or accept the correction of his arithmetical errors in the manner described above.

**(b) Determine the Reasonableness of Tender Offers**

Judge the reasonableness of financial offers and reject all tender offers with unrealistic financial offers. Ascertain whether or not there is a valid reason for the tender price being unrealistic. If not, eliminate from further consideration.

**(c) Financial and Other Resource Capabilities of Tenderers**

Based on the track record determined on the Minimum Average Annual Turnover coupled to the assessed Works Capabilities of Contracting Enterprises, the Construction Industry Development Board (CIDB) awards Grading Designations and accordingly registers Contractors on its system. **A Contractor has at the time of registration in the absence of any supply side interventions, sufficient working capital to commence the Works for a single contract and render due performance.**

It regularly occurs that a Contractor **will at the same time submit tenders for a number of projects** that are advertised during an overlapping period. Moreover, the Contractor **may be busy with a Contract** that is of the registered CIDB Grading Designation (value) **or is even attending to a number of smaller valued Contracts.** *It therefore becomes the prerogative of a Tenderer in such instances to prove to the Department that the Enterprise has the capacity in every respect to attend to more than one (1) contract at a time. It is not the responsibility nor is it the role or concern of the Department to spend valuable energy and money in proving or not the capabilities of a Contracting Business. A Tenderer who wishes to be considered for other Contract awards over and above the Tender Price prepared for the tender under review MUST PROVE BY SEPARATE EVIDENCE AS ATTACHMENTS TO THE TENDER THAT ADDITIONAL FINANCES (inclusive of a performance guarantee to be provided by a registered financial institution), HUMAN RESOURCES AND EQUIPMENT and PLANT and MACHINERY CAN UNDOUBTABLY BE SOURCED.*

**(vi) Evaluate Responsive Tender Submissions**

Evaluate tenders strictly in accordance with the evaluation method as specified in the Procurement Strategy and in accordance with the manner stated in the Tender Data of the Tender Document.

CIDB prescribes four methods of Evaluation

Method 1: Financial Offer Price

Method 2: Financial Offer Price and Preferences

Method 3: Financial Offer Price and Functionality

Method 4: Financial Offer Price, Functionality and preferences.

For tenders the Department can chose between Method 2 which is on Financial Price and Preferences basis and Method 4 which is on Financial, Functionality and Preferences basis.

For engineering and construction Works, the use of "Functionality" in evaluation must only be selected for projects of a complex nature e.g. a design and build project where quality is of paramount importance.

**(vii) Method 2: Financial Offer (Price) and Preferences.**

- (a) Score tender evaluation points for financial offer.
- (b) Confirm that tenderers are eligible for preference points claimed and if so, score tender evaluation points for preferencing.
- (c) calculate total tender evaluating points
- (d) Rank tender offers from the highest number of tender evaluation points to the lowest
- (e) Recommend tender with the highest number of tender evaluation points for the award of a contract.

**(viii) Method 4: Financial Offer (Price), Functionality and Preferences.**

Award points for functionality, price and preferences. Total points and rank tenders.

- (a) Where functionality is a criterion, first score functionality, rejecting any tender that does not score minimum points stipulated for functionality as stated in the Tender Data. The evaluation of functionality must be conducted by the Adjudicating Team.
- (b) Reduce tenders to a comparative financial offer, before scoring price.
- (c) Confirm that all tenderers are eligible for points for preference goals claimed before scoring preferences goals. The Preference Schedule must be filled in and signed.
- (d) Reserve the 20 points and 10 points stipulated under the 80/20 and 90/10 preference point system for preference goals only.
- (e) Calculate the scores for price, functionality and preference goals separately using the appropriate formulae and add the individual scores together to obtain the total tender evaluation points.
- (f) Rank tender offers from highest number of tender evaluation points to lowest.
- (g) Recommend the tender with the highest number of tender evaluation points for the award of the contract.

**(ix) Manual Calculations for Method 4: Financial Offer Price, Functionality and Preferences**

To aid persons involved in having to assess tenders applying this method, the following example is given to assist in the matter:

If project is valued at less than R500 000, the 80/20 Preference Point scoring system is applied.

Preferences	=	20 points
Price	maximum points	= 40 points
Functionality	maximum points	= 40 points
Price and Functionality	maximum points	= <u>80 points</u>
<b>points</b>	<b>TOTAL</b>	<b>= 100</b>

**As per paragraph 4.3.1 of Form DOW301**

	<b>WEIGHTING PERCENTAGE</b>
<b>Price:</b>	60%
<b>Functionality</b>	40%

**As per paragraph 4.3.2 of Form DOW301**

<b>Functionality Criteria</b>	<b>Weighting Factor</b> (Max. score per criteria = 5 points)
Qualification and experience	3
Organisation and logistics	5
Safety and environmental characteristics	5
Quality control practices	5
Ability to adhere to time frames	3
Personnel skills	5
Technical skills in hospital construction	5

Scoring undertaken by the Adjudicating Team Member.

**Step 1: Calculation for Percentage for Functionality**

Value of functionality criteria that can be awarded by Adjudication Team Members

1 = Poor (P)    2 = Average (A)    3= Good (G)    4 = Very Good (VG)    5 = Excellent (E)  
Use a scale of 1-5 for each of the above qualities

	<b>Functionality Criteria</b>	<b>Weighting Factor</b> (Max. score per criteria = 5 points)	<b>Value awarded by members</b> (Value x weight)			
			<b>Bid 1</b>	<b>Bid 2</b>	<b>Bid 3</b>	<b>Bid 4</b>
1	Qualification and experience	3	P 1x3 = 3	VG 4x3 = 12	A 2x3 = 6	A 2x3 = 6
2	Organisation and logistics	5	P 1x5 = 5	E 5x5=25	G 3x5=15	G 3x5=15
3	Safety and environmental characteristics	5	E 5x5=25	P 1x5=5	VG 4x5=20	P 1x5=5
4	Quality control practices	5	G 3x5=15	VG 4x5=20	G 3x5=15	A 2x5=10
5	Ability to adhere to time frames	3	A 2x3=6	P 1x3=3	A 2x3=6	E 5x3=15
6	Personnel skills	5	A 2x5=10	G 3x5=15	A 2x5=10	E 5x5=25
7	Technical skills in hospital construction	5	VG 4x5=20	G 3x5=15	G 3x5=15	VG 4x5=20
<b>TOTAL</b>	<b>Value x weight total</b>	<b>5x31 = 155</b> <b>(Ms)</b>	<b>84</b> <b>(So)</b>	<b>95</b>	<b>87</b>	<b>96</b>
<b>Percentage score for functionality (Ps)</b>			<b>21.68</b>	<b>24.52</b>	<b>22.45</b>	<b>24.77</b>

**So**

**Ps = ----- x Ap**

**Ms**

Ps = percentage scored for functionality by bid/proposal under consideration

So = total score of bid/proposal under consideration



Ms = maximum possible score

Ap = percentage allocated for functionality (40% used in this example as above)

e.g. Bid 1

$$Ps = \frac{84}{155} \times 40 = 21.68\%$$

## Step 2: Calculation of percentage for price

Apply the following formula:

$$Ps = \frac{P_{min}}{P_t} \times Ap$$

Ps = Percentage scored for price by bid/proposal under consideration

Pmin = lowest acceptable bid/proposal

Pt = price of bid/proposal under consideration

Ap = percentage allocated for price (60% used in this example as below)

e.g. Bid 1

$$Ps = \frac{R430\,000}{R430\,000} \times 60 = 60\%$$

	Value			
	Bid 1	Bid 2	Bid 3	Bid 4
Bid Price	430 000	450 000	460 000	470 000
Percentage for price	60	57.33	56.09	54.89
Percentage for functionality and price ( add %score for functionality + % for price)	81.68 (21.68 + 60)	81.85 (24.52 + 57.33)	78.54 (22.45 + 56.09)	79.67 (24.77 + 54.89)

## Step 3 Calculation of Points for functionality and Price

$$Ps = 80(1 - \frac{Hs - Rs}{Rs})$$

Ps = points scored for functionality and price of the bid/proposal under consideration

Hs = highest % scored by any acceptable bidder for functionality and price

Rs = % scored for functionality and price by bid/proposal under consideration

e.g Bid 1

$$Ps = 80(1 - \frac{81.85 - 81.68}{81.68}) = 79.83 \text{ points}$$

	Weight	Bid 1	Bid 2	Bid 3	Bid 4
Points for functionality and price	80	79.83	80	76.63	77.81

## Step 4: Calculation of Preferential Procurement Goals

**Goal 1** (a) Preference points may be allocated to an HDI woman, HDI disabled person or a youth, with reference to the formula below:

$$0.0333x(Xt-25)$$

Where:

Xt = the equity ownership of an entity under consideration, with respect to HDI woman, HDI disabled persons or youth, which must be determined in relation to total equity ownership of the bidder under consideration.

Points are therefore only allocated if the equity ownership of HDI woman, HDI disabled persons or youth respectively, is greater than 25%

(b) A maximum of 2.5 points in respect of each group i.e. woman, youth, disabled may be allocated as indicated in the table below

**Goal 2** A black company with minimum of 40% black equity ownership, 7.5 points allocated. (if black equity ownership is less than 40%, no points are allocated)

**Goal 3** Black co-operative with 100% black ownership, 2.5 points are allocated (if black ownership is less than 100%, no points are allocated)

**Goal 4** A Priority Population Group (PPG) 100% equity ownership, 2.5 points are allocated (if PPG equity ownership is less than 100% no points are allocated)

Goals			Bid 1	Bid 2	Bid 3	Bid 4
<b>Goal 1</b>	Women (25% or more )	2.5	30%	20%	50%	60%
			$0.0333(30\%-25\%) = 0.17$	<b>0.00</b>	$0.0333(50\%-25\%) = 0.83$	$0.0333(60\%-25\%) = 1.17$
	Youth (25% or more)	2.5	50%	0%	10%	0%
			$0.0333(50\%-25\%) = 0.83$	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	Disabled (25% or more)	2.5	0%	0%	10%	0%
			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Goal 2</b>	BEE (40% or more)	7.5	50%	100%	50%	20%
			<b>7.50</b>	<b>7.50</b>	<b>7.50</b>	<b>0.00</b>
<b>Goal 3</b>	Black Co-operatives (min. 100%)	2.5	0%	0%	0%	0%
			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Goal 4</b>	PPG (min. 100%)	2.5	50%	100%	50%	20%
			<b>0.00</b>	<b>2.5</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Points For Goals</b>	<b>20</b>	<b>8.5</b>	<b>10</b>	<b>8.33</b>	<b>1.17</b>

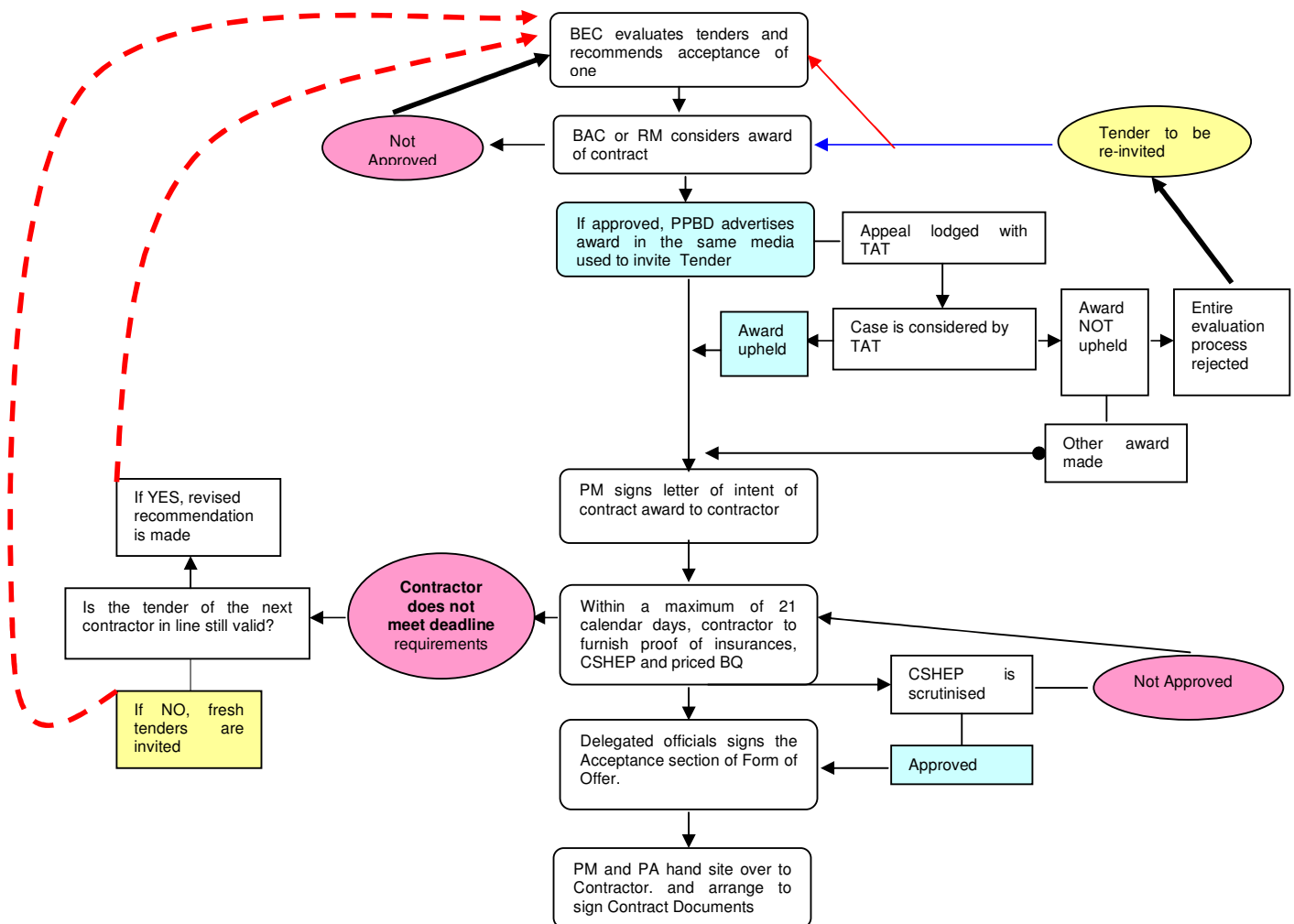
TOTAL POINTS SCORED	Weight	Bid 1	Bid 2	Bid 3	Bid 4
<b>Step 3</b>	<b>80</b>	79.83	80	76.63	77.81
<b>Step 4</b>	<b>20</b>	8.5	10	8.33	1.17
<b>Total</b>	<b>100</b>	<b>88.5</b>	<b>90</b>	<b>84.96</b>	<b>78.98</b>

**A recommendation should be made to award a contract to Tenderer (Bidder) no. 2 who has scored the highest points.**

Steps 2 and 4 are to be followed when Method 2: Financial Offer (Price) Preferences is selected.

## 4.12 AWARD OF TENDER (CONTRACT)

The Flow Chart below provides the framework for a contract award



### Key:

<b>BEC</b>	- Bid Evaluation Committee
<b>BAC</b>	- Bid Adjudication Committee
<b>PPBD</b>	- Procurement and Post Bid Division
<b>RM</b>	- Regional Manager
<b>TAT</b>	- Tender Appeals Tribunal
<b>PM</b>	- Project Manager
<b>CSHEP</b>	- Construction Safety, Health and Environmental
<b>BQ</b>	- Bills of Quantities
<b>PA</b>	- Principal Agent

#### **4.12.1 AWARD OF TENDERS**

##### **4.12.1.1 Pre-Bid and Adjudications Division of the Acquisition Management Sub-directorate**

- (i) All tenders (value exceeding R500 000) are evaluated by an Adjudicating Team and this Body is responsible to prepare a submission recommending a contract award. This submission is to be signed by the Project Manager and forwarded to the Regional Bid Evaluation Committee for support to the recommendation before being presented to the Bid Adjudication Committee to consider approving the proposed contract award.
- (ii) The concurrence to the contract award by the Regional Bid Evaluation Committee must be noted on Form DOW014A and the approval granted by the Bid Adjudication Committee is to be recorded on Form DOW014B. All contract awards greater than R1m must be validated by the Accounting Officer (Head of Department) (SCM Delegation 4.3), except for awards of contracts for Period/Exemption contracts as the Contractors are pre-approved.  
For example on how to prepare a submission recommending a contract award, consult Specimen 3

#### **4.13 ADVERTISING OF RESULTS**

##### **4.13.1 Pre-Bid and Adjudications Division of the Acquisition Management Sub-directorate**

- (i) Once contract award (Level 4 tenders) has been approved by the Bid Adjudication Committee and, if necessary, validated by the Accounting Office (Head of Department), then the details of the award i.e. tender detail and name of contractor, must be advertised by the Procurement and Post-Bid Division of the Acquisition Management Sub-directorate, in the Government Tender Bulletin as per SCM Delegation 4.3.
- (ii) All contract awards must be registered (by an authorised official) on the CIDB Project Register, using the following Website address:-  
[www.cidb.org.za](http://www.cidb.org.za)
- (iii) The domino effect of registering contract award on the CIDB Website is that it provides information on the nature, value and distribution of projects while also recording performance and development of contractors
- (iv) All contract award results must be displayed on the Foyer Notice Board of the particular office concerned.

#### **4.14 TENDER APPEALS TRIBUNAL**

##### **4.14.1 Pre-Bid and Adjudications Division of the Acquisition Management Sub-directorate**

Any Tenderer aggrieved by a decision of the Bid Adjudication Committee or delegated Manager may lodge an appeal with the Bid Appeals Tribunal. The appeal is to be addressed to:

**The Secretariat**  
Bid Appeals Tribunal  
Private Bag X9082  
Pietermaritzburg  
3200  
Tel: 033-897 4462 Fax: 033-342 4238

Appeals will be dealt with by the Bid Appeals Tribunal in accordance with the KwaZulu-Natal Supply Chain Management Policy Framework as issued by Provincial Treasury and Practice Note Number: SCM-07 of 2006.

The Secretariat of the Tender Appeals Tribunal will notify the Department when it is in order to proceed with the award of a contract.

#### **4.15 CONSTRUCTION SAFETY, HEALTH AND ENVIRONMENTAL PLAN.**

##### **4.15.1 Procurement and Post Bids Division of the Acquisition Management Sub-Directorate.**

**(Requirement of the Occupational Health and Safety Act, 1993[Act No. 85 of 1993] and the Regulations made in terms of the Act).**

Due to the wide scope and definition of construction work, every construction activity and site will be different, and circumstances and conditions may even change on a daily basis. Therefore, due caution must be taken by the contractor when drafting the above Plan base on the generic specification.

Because of the legal implications the site will not be handed over to the contractor until an acceptable Plan is produced. The contractor is given twenty one (21) days (letter of intent for contract award – either Form DOW309 or DOW310) to submit a *Plan to the Principal Agent to arrange for it to be approved*.

A Safety, Health & Environmental Officer will examine, comment and *approve plans*.

#### **4.16 HANDING OVER THE FORM OF OFFER AND ACCEPTANCE AND “COMMENCEMENT DATE”**

##### **4.16.1 Procurement and Post Bids Division of the Acquisition Management Sub-directorate.**

Once the award is made by the Bid Adjudication Committee and the appeal period has passed, ensure that the “acceptance” portion of the Form of Offer and Acceptance is signed and dated on behalf of the Department of Public Works (Employer) by the official with the delegated authority in terms of the SCM Delegation 4.16. Specimen 4 is an example of a submission to use for this purpose. The signed Form of Offer and Acceptance must NOT be handed over to the contractor until site handover.

A letter of intent for a contract award, Form DOW309 (JBCC) must be sent to the contractor notifying him/ her that the Department can only furnish him/her with a full copy of the Form of Offer and Acceptance upon receipt of proof of insurances and the Construction

Safety, Health and Environmental Plan and where Bills of Quantities are required, a priced copy of the Bills of Quantities. Form DOW310 (GCC) is to be used..

A copy of the Form of Offer and Acceptance will be given to the contractor at Site Handover which will become the “commencement date” of the contract.

#### **4.17 UPDATING WIMS**

##### **4.17.1 Procurement and Post Bids Division of the Acquisition Management Sub-directorate.**

Using WIMS screen, WG03PU, the designated official of the Procurement and Post-Bid Division of the Acquisition Management Sub-directorate will record all information relating to the award, e.g.

- (i) contract number
- (ii) tender number
- (iii) tender accepted date
- (iv) Contractor name
- (v) Contractor's address
- etc.

Where the priced Bills of Quantities are submitted by the contractor after having been awarded the contract, WIMS screen WG16PU is used to record the receipt thereof.

#### **4.18 CONTRACT DOCUMENT**

##### **4.18.1 Procurement and Post Bids Division of the Acquisition Management Sub-Directorate.**

The Contract will generally comprise:-

- (i) Form of Offer and Acceptance Contract Data: JBCC 2000 Principal Building Agreement.
- (ii) Record of Addenda to Tender Document (if applicable).
- (iii) Priced Bill of Quantities/ Lump Sum Document
- (iv) Construction Guarantee
- (v) Declaration of Tenderer (Bidder).
- (vi) Past Supply Chain Management Practices
- (vii) Original Tax Clearance Certificate
- (viii) Contract Data of Tender Document

##### **4.18.2 Signing of Contract Document**

Contract Documents are signed by delegated Officials in terms of SCM Delegation 7.6.1.

The signing of Contract Document involves:

- (i) All entries, deletions and the foot of each page of the Contract Data which contain the Conditions of Contract only, must be initialled, in black ink, by both the Contractor and Head: Public Works or delegate.

- (ii) The first page of the Priced Bills of Quantities must be initialled and the last page signed and witnessed, in black ink. The items of the Final Summary must also be initialled, in black ink. All entries, deletions and amendments must be initialled and witnessed in black ink.
- (iii) The first page of the Specification must be initialled and the last page signed. The items of the "Priced Schedules" must also be signed and witnessed, in black ink.
- (iv) Take note that in each instance where the documents have been signed, the name of the firm must be indicated.
- (v) One folded set of drawings must be stamped and signed and witnessed, in black ink, and dated in the spaces provided.
- (vi) A copy of the documentation must be given to the Contractor for record purposes. In order to ensure the safe delivery of a completed copy of the original signed Contract Document the following options are available applying either Forms DOW054A or DOW054B.
  - (a) DOW054A – Contractor is requested to collect the copy of the original signed Contract Document.
  - (b) DOW054B – Confirmation that the copy of the original signed Contract Document has been collected.

#### **4.18.3 Storage of Contract Documents**

Each signed set of Contract Documents are securely bound together, boxed or enveloped and filed in order of Contract Number.

Should it be necessary for anyone to draw the document for whatever reason, after storage, the Procurement and Post-Bid Division of the Acquisition Management Sub-directorate must enter the necessary details in a Register kept for that purpose, and obtain a signature of receipt. The person who makes use of this document is then held both responsible and accountable for its safekeeping.

On return of the documents, the responsible person from the Contracts Registry must sign for them (recorded in Register) and ensure that they are safely filed away in order of Contract Number.

All Contract Documents must be kept in a strong room and a person / persons must be appointed, in writing, to be both responsible and accountable for all the documentation kept in that store. The key must not be given to others who have not been appropriately appointed.

In terms of the Archive Act, Contract Documents cannot be destroyed and must be kept in a strongroom.

## 4.19 CONTRACT GUARANTEES

### 4.19.1 Submission of Guarantees

- (i) Because of legal contractual technicalities a contractor is asked (either by letter DOW309 – JBCC Tenders and DOW310 – GCC Tenders - letter of intent for contract award) to deliver the guarantee **to the Principal Agent/Employer** within **twenty one (21) days of date of that communication**. In the case of a JBCC Tender a contractor can select at close of tender to provide a 10% Payment Reduction instead of one of the other four (4) options that are available. With a GCC Tender, the Contractor is obliged to submit a 10% (of contract sum) guarantee Without the guarantee and other legal binding documents as are stated in the aforementioned letters, the contract offer cannot be formulised.
- (ii) Upon receipts of a guarantee, copies (in the case of cash deposits or guaranteed cheques, copies of the receipts) must be made for the
  - (a) Project File
  - (b) Contractor's Payment File
  - (c) Contract Document\*

\* The original guarantee although kept separately in a fireproof strongroom/safe forms part of the Contract.

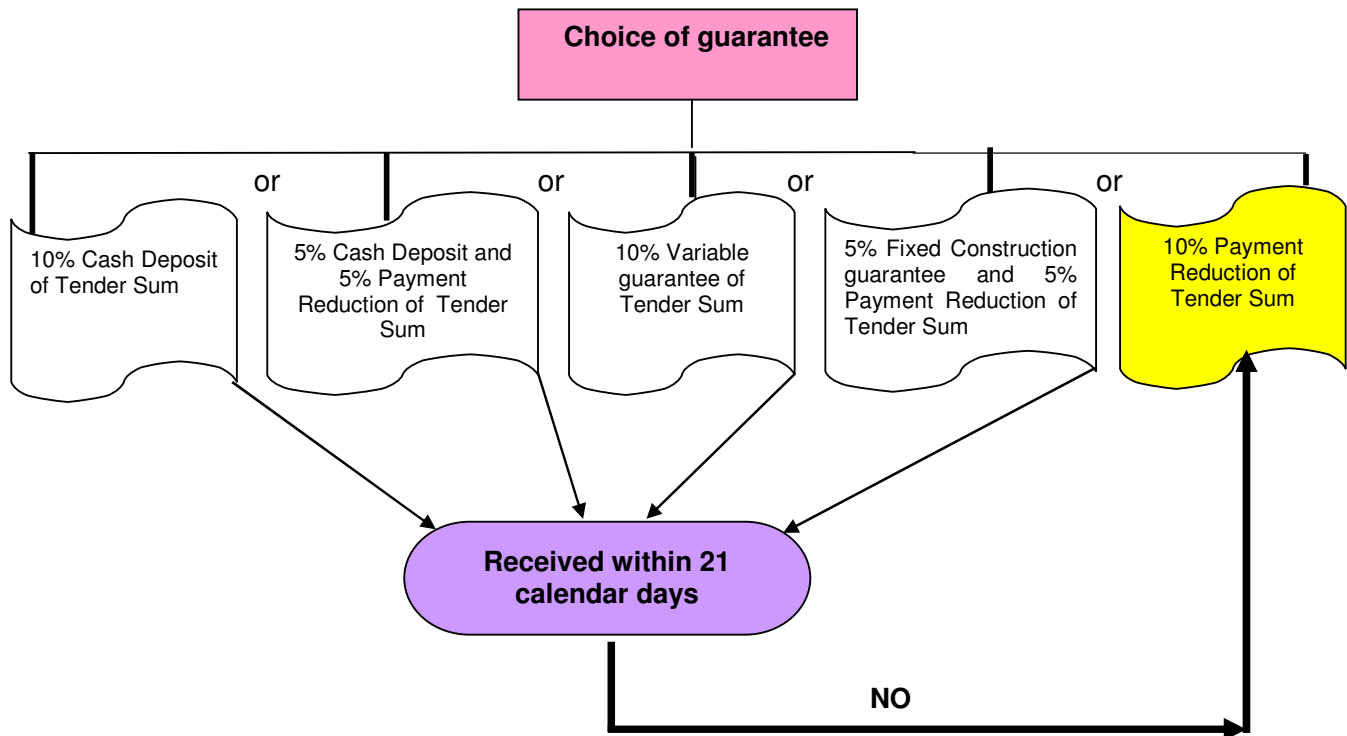
- (iii) The original guarantee (a Variable Construction Guarantee or a Fixed Construction Guarantee) received must be scrutinised and, if acceptable without alteration be recorded in the Register of Securities and placed in the safe/strongroom.
- (iv) All securities and registers held by the Department shall be kept in a safe or strongroom. The Head of the Department or one or more persons designated by him/her, in writing, shall be responsible for the custody of securities held by the Department. It is incumbent upon the appointed person / persons to scrutinise all securities received, so as to ensure that Banks / Insurance Companies do not include clauses which do not safeguard the State or which may be in conflict with the Contract. Only guarantees received from financial and insurance institutions registered in terms of the Banks Act, 1965 ( Act No.23 of 1965) or from an insurer registered in terms of the Insurance Act, 1943 (Act No.27 of 1943) are acceptable.
- (v) Confirmation of whether or not a company is a registered insurer can be obtained from the Financial Services Board (FSB) website: <http://www.fsb.co.za> . The FSB may also be telephonically contacted at 0800 110 443.



#### 4.19.2 Guarantees

##### 4.19.2.1 JBCC CONTRACT GUARANTEES (for contracts in excess of R1 million, including VAT)

The Flow Chart below provides the framework for processing JBCC Contract Guarantees



The following provisions are contained in the Contract Data and the Preliminaries of the Tender Document amending Clauses 14.1 to 14.8 of the above Agreement.

#### **Below R1million.**

The Tenderer accepts that a **Payment Reduction of 5%** of the contract value (excluding VAT) will be both applicable and be deducted by the Employer in terms of the above Agreement.

#### **Above R1million.**

A Tenderer may select to provide one of the following forms of Security **within twenty one (21) days** from the **commencement date** (means the day on which the Tenderer receives one fully signed copy of the Offer and Acceptance which is given to the contractor at site handover) and should it **not** be with the Employer by the end of that period, *the Security (iv) mentioned below here will be deemed to have been selected:* -

- (i) A **Cash Deposit of 10%** of the Contract Sum (excluding VAT).
- (ii) A **Variable Construction Guarantee of 10%** of the Contract Sum (excluding VAT). An example of the Form DOW020A, titled, "Variable 10% Construction Guarantee" that is to be used is contained in the Tender Document as well as in this one.
- (iii) A **Fixed Construction Guarantee of 5%** of the Contract Sum (excluding VAT) and a **Payment Reduction of 5%** of the value certified in the Payment Certificate (excluding VAT). An example of the Form DOW020B, titled, "Fixed 5% Construction Guarantee" that is to be used is contained in the Tender Document as well as in this one.
- (iv) A **Payment Reduction of 10%** of the value certified in the Payment Certificate (excluding VAT).
- (v) A **Cash Deposit of 5%** of the Contract Sum (excluding VAT) and a **Payment Reduction of 5%** of the value certified in the Payment Certificate (excluding VAT).

Should the contractor fail to furnish the security, the Department may:

- (i) Decide to select a Payment Reduction of 10% of the value certified in the Payment Certificate (excluding VAT) and hand over site.

OR

- (ii) Cancel the contract.

The Contract Data and the Preliminaries must be carefully studied and adhered to in order to determine when guarantees shall reduce and expire. WIMS Payment Certificates cater for reductions in guarantees.

#### **4.19.2.1.1 Release of Guarantees.**

The release of a guarantee will be handled in the following manner:

##### **(A) A Cash Deposit of 10% of the Contract Sum (excluding VAT).**

- (i) The Cash Deposit shall be furnished **within 21 calendar days** of the contractor being made aware **of the signed Acceptance of Offer**.
- (ii) **Within 21 calendar days** of the date of **Practical Completion** of the Works, the Department shall **reduce** the Cash Deposit to an amount equal to **3%** of the Contract value (excluding VAT), and **refund the balance** to the contractor.
- (iii) **Within 21 calendar days** of **Final Completion** of the Works, the Department shall **reduce** the Cash Deposit to an amount of **1%** of the Contract value (excluding VAT) and **refund the balance** to the contractor.
- (iv) **On the date of payment** of the amount in the **Final Payment Certificate**, the Department shall **refund the remainder** of the Cash Deposit to the **contractor**.

*The refund of the Cash Deposit at each of the above stages will be included in the Payment Certificates prepared and certified by the Principal Agent and approved by the Department Quantity Surveyor / Engineer.*

**(B) A Variable Construction Guarantee of 10% of the Contract Sum (excluding VAT).**

- (i) The contractor shall furnish the Department with an acceptable Variable Construction Guarantee equal in value to **10% of the Contract Sum (excluding VAT) within 21 calendar days** of being made aware of the signed Acceptance of Offer.
- (ii) **The Variable Construction Guarantee shall reduce as follows:-**
  - (a) **From and including the date** on which the guarantee **is issued** and **up to** and including the date of payment of the amount in the **LAST Final Payment Certificate**, the Guarantor will be liable in terms of the guarantee to the **maximum amount of 10%** of the Contract Sum (excluding VAT).
  - (b) **From and including the day** after the date of the **LAST Certificate of Practical Completion** and up to and including the date of the **LAST Final Completion Certificate**, the Guarantor's liability will be **reduced to 3%** of the value of the Works (excluding VAT).
  - (c) **From and including the day** after the date of the **LAST Final Completion Certificate** and **up to** and including the date of settlement of the amount in the **LAST Final Payment Certificate**, the Guarantor's liability will be **reduced to 1%** of the value of the Works (excluding VAT).

The Guarantee **shall expire** on the date of payment of the amount in the **LAST Final Payment Certificate**. The guarantee must be returned to the Guarantor by registered mail, using Form DOW021.

**(C) A Fixed Construction Guarantee of 5% of the Contract Sum (excluding VAT) and a Payment Reduction of 5% of the value certified in the Payment Certificate (excluding VAT).**

**The Fixed Construction Guarantee.**

The contractor shall furnish **within 21 calendar days** of being made aware of the signed Acceptance of Offer a Fixed Construction Guarantee equal in value to **5%** of the Contract Sum (excluding VAT).

The Fixed Construction Guarantee shall come into force on the **date of issue** and shall **expire** on the date of **Practical Completion**.

The Department shall **return** the Fixed Construction Guarantee to the Guarantor **within 14 calendar days** of its expiry i.e., **Practical Completion**, using Form DOW021.

### **The Payment Reduction.**

The value (of the Works and materials and goods) certified for payment shall be subject to the following percentage adjustments:-

- (i) **95%** of such value in **Interim Payment Certificates** issued up to the date of **Practical Completion**.
- (ii) **97%** of such value in **Interim Payment Certificates** issued on the date of **Practical Completion** and up to **but excluding the date of Final Completion**.
- (iii) **99%** of such value in **Interim Payment Certificates** issued on the date of **Final Completion** and up to **but excluding the Final Payment Certificate**.
- (iv) **100%** of such value in the **Final Payment Certificate**.

The Payment Reduction at each of the above described stages will be included in the Payment Certificates prepared and certified by the Principal Agent and approved by the Departmental Quantity Surveyor / Engineer.

### **A Payment Reduction of 10%.**

The value (of the Works and materials and goods) certified for payment shall be subject to the following percentage adjustments:-

- (i) **90%** of such value in the **Interim Payment Certificates** issued up to the date of **Practical Completion**.
- (ii) **97%** of such value in **Interim Payment Certificates** issued on the date of **Practical Completion** and up to **but excluding the date of Final Completion**.
- (iii) **99%** of such value in the **Interim Payment Certificates** issued on the date of **Final Completion** and up to **but excluding the Final Payment Certificate**.
- (iv) **100%** of such value in the **Final Payment Certificate**.

*The Payment Reduction at each of the above described stages will be included in the Payment Certificates and certified by the Principal Agent and approved by the Department Quantity Surveyor / Engineer.*

- (D) **A Cash Deposit of 5% of the Contract Sum and a Payment Reduction of 5% of the value certified in the Payment Certificate (excluding VAT).**

**The contractor shall furnish** the Department with a **Cash Deposit** equal in value to **5% of the Contract Sum (excluding VAT) within 21 calendar days** of being made aware of the **signed Acceptance Offer**.

Within 21 calendar days of the date of **Practical Completion** of the Works the Department shall **refund** the Cash Deposit in total to the Contractor.

**Payment Reduction of 5%.**

The value (of the Works and materials and goods) certified for payment shall be subject to the following percentage adjustments:-

- (i) **90%** of such value in the **Interim Payment Certificates** issued up to the date of **Practical Completion**.
- (ii) **97%** of **such value in Interim Payment Certificates issued on the date of Practical Completion** and up to **but excluding** the date of **Final Completion**.
- (iii) **99%** of such value in the **Interim Payment Certificates** issued on the date of **Final Completion** and up to **but excluding Final Payment Certificate**.
- (iv) **100%** of such value in the **Final Payment Certificate**.

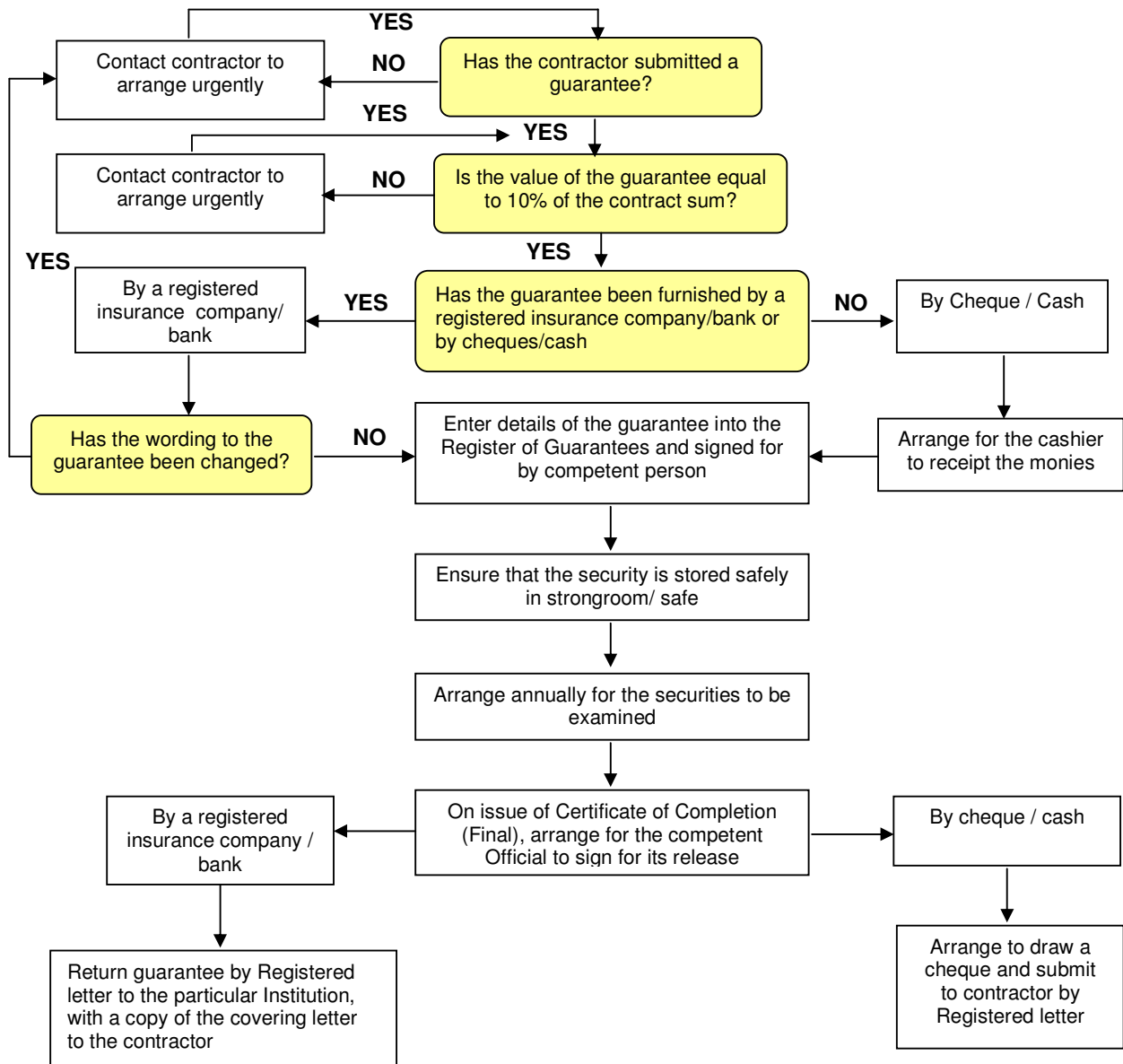
*The Payment Reduction at each of the above stages described will be included in the Payment Certificates and certified by the Principal Agent and approved by the Departmental Quantity Surveyor / Engineer.*

As the refund of guarantees frequently occurs during the various payment intervals of a Contract (depending on the type selected by the contractor) the Departmental Quantity Surveyors / Engineers who check Payment Certificates must be delegated powers to

- (i) **approve claims prepared by the Principal Agent and submitted for payment and,**
- (ii) **approve the reduction / release of securities held by the Department.**

#### 4.19.2.2 GCC CONTRACT GUARANTEES

The Flow Chart below provides the framework for Processing GCC contract guarantees



Clause 7 of the GCC Contract Data specifies that a guarantee of 10% of the Tender Sum shall be furnished by the Contractor on or before the formation of the Contract.

**Within Twenty One (21) days** from the **commencement date** (means the day on which the Tenderer receives one fully signed copy of the Offer and Acceptance which is given to the contractor at site handover) the Contractor is to provide a guarantee of 10% of the Tender Sum as per form DOW020.

#### Release of Guarantee

The guarantee **shall remain** in full force and effect **until the issue** of the **Certificate of Completion (Final)** in terms of the contract.

#### 4.19.2.2.1 Cash / Cheque Guarantee

With JBCC projects, all Cash/Cheque Guarantees (must be guaranteed by the bank) received are to be deposited to Revenue as contractors are refunded these monies via Payment Certificates at specific stages of the contract. With GCC projects All Cash / Cheque Guarantees (must be guaranteed by the bank) received from contractors must be deposited against the Tender Deposit Account, in the following manner:

- (i) The responsible person from the Acquisition Management Sub-directorate who receives the cash / cheque, completes Form DOW022, on which the relevant BASCOA descriptions are reflected.
- (ii) The contractor is given an official receipt for the monies paid, on which should reflect either "cash" or "cheque number and name of Bank responsible for its issue".
- (iii) Copies of documents mentioned in (i) and (ii) above are made and the matter is handled in the same manner as is the case with other securities received (eg. recorded in the Register Of Securities, etc.).
- (iv) *Once the commitment has been fulfilled, the Authority to Release guarantee, form (DOW104) is completed and signed by the Project Manager and the Departmental Quantity Surveyor/ Department Engineer. The release of guarantee must be recommended by the Deputy Manager: District or Professional Services and approved by the designated responsible officer in the Acquisition Management Sub-directorate.*
- (v) *After proper authorisation for release is received, a sundry payment is made out as follows:*
  - Fund : Assets and Liabilities*
  - Responsibility : \_\_\_\_\_ Region and Pers*
  - Objective : Liabilities*
  - Item : Tender Deposit: CL*
- (vi) In returning the amount held as a guarantee, Form DOW023, is used and posted by "Registered Mail", to the contractor.

#### 4.20 SECURITY REGISTER

A person responsible for the custody of securities shall keep a Register containing the following particulars:

- (i) consecutive number (which shall also be endorsed on the security);
- (ii) date of issue of the security;
- (iii) date of receipt;
- (iv) period of validity of security
- (v) nature of the security, e.g. cash;
- (vi) purpose of security;
- (vi) by whom given and in whose favour;
- (vii) value of security;
- (viii) names and addresses of sureties;
- (ix) date and particulars of release, substitution, amendment or cancellation;

- (xi) departmental references.

#### **4.21 EXAMINATION OF SECURITIES**

The Accounting Officer or his nominees, designated by him/her, in writing, shall ensure that the securities under his / her / their control are examined at least once in each financial year and satisfy himself/herself/themselves that -

- (i) all securities are correctly recorded in the register of securities;
- (ii) the amount or value of each security is adequate in each case,
- (iii) no security is in danger of prescription;
- (iv) no issuer of a document of security or guarantee has died or is legally incompetent;
- (v) the securities in general are in order.

A certificate in confirmation of such examination shall be given, signed and dated and placed in the Register of Securities.

Nominees shall submit similar certificates to the Accounting Officer before 30 June of each year to the effect that, in respect of securities under their control, the requirements as stated above were complied with during the preceding financial year.

#### **4.22 RECEIPT AND RELEASE OF GUARANTEES**

The receipt of a guarantee is captured on WIMS, using screen WG03PU.

Should the guarantee not be acceptable because of amendments/ additions of clauses other than those contained in the form reflected in the Tender Document, it must be returned by Registered Mail to the particular bank/ insurance company who furnished it. The bank/ insurance company must be phoned as well as informed of the reason(s) why it was rejected.

A Fixed or Variable guarantee shall remain in full force and effect in terms of the Contract and must be returned by registered mail to the Guarantor.

To initiate steps to release the guarantee to the guarantor. DOW104, titled "Authority to Release Guarantee" must be completed and signed by the Project Manager, the Departmental Quantity Surveyor/ Department Engineer. The release of guarantee must be recommended by the Deputy Manager: District or Professional Services and approved by the designated responsible officer in the Acquisition Management Sub-directorate. A copy of this authority must be placed on both the Payments and Project files.

Once the commitment has been fulfilled and properly authorised for release, DOW021 must be completed and addressed to the institution who provided the guarantee, and a copy must be endorsed to the Contractor for information. The guarantee must be returned by "Registered Mail".



The person / persons responsible for the custody of securities must ensure that contractors have fulfilled the contractual obligations relating to this matter, before authorising their release.