

Review of the tender processes used by different municipalities of the republic o...

[Art & Culture](#), [Artists](#)



INTRODUCTION

Background

According to Cunningham (2016: 01) a tender is a term used to describe a contractor's priced offer to construct the work. Whereas Hackett & Statham (2016: 65) explains that the purpose of any tendering procedure is to select a suitable contractor at a time appropriate to the circumstances and to obtain from him at the time on acceptance tender or offer upon which a contract can be let. The tenders are required for the project to be executed within different municipalities in the republic of South of Africa such as District Municipality, Metropolitan Municipality and Local Municipality.

Therefore the following are the most common methods that are used for tendering purposes named single-stage selective tendering and two-stage selective tendering, they are both involve the invitations of tenders from firms on a pre-approved, they are often chosen as the minimum standards requirements, in general criteria such as capability, competency, experience and financial standing. In tenders, the competitive element is provided on the basis of quality and price. The difference that is main and major between the two is that, in two stage process, the contractor at an earlier stage get involved in the planning of the project, so the tenders are submitted as required by minimum information and in the second stage, the team of the players of the employers in co-occurrence with the preferred tenderer, the tenders are submitted on the basis of minimum information. This method is favouritism in more complicated project, the contractor is considered to have

essential input designation. It is worthy to remember that every activity in the tendering process has a time and cost suggestions.

Problem statement

In submission of a tender is a common practice for a party that acts as a supplier in terms of goods and services to another party or within or within the public sector. Basically on specified level, a tender may provide a quote that shall be followed by a written confirmation document. On layer scale, the tender process has more detailed information and demanding. It requires a party that has got knowledge and capability of managing the tender. Especially municipality work consist of more detailing process of tendering. The process may seem very detailed or complex to any party that is involved in the tender for the first time, but the good thing is that, they are designed in a structured way, well interpreted, transparent and definable. South Africa is one of the countries that is incorporated with the highest level of corruption rating in this world. This also include a tender fraud. Considering that the improvements of tendering process is therefore unavoidable and has to take place.

Aim of the report

The aim of the project is to critically review the tender processes that are used by the District, Metropolitan and Local municipality in the Republic of South Africa.

Scope of the report

This report is about the review of tender processes used by the district, local and metropolitan municipalities and how this processes are implemented to

solve real world problems in each of the municipalities, the steps that are taken when bidding for a tender. By reviewing this tender process you get to see the challenges that are faced in the real world and how they are dealt with since each problem in the municipality is handled differently.

TENDER PROCEDURE

Metropolitan Municipality tender procedure:

- • The different departments identify the needs and preferences for the new financial year
- • They will make sure that whatever needs they have identified its budgeted for
- • They will submit the procurement plans at supply chain in accordance with the needs identified
- • Supply Chain will schedule their needs at Bid Specification Committee duly appointed by accounting officer
- • Then the department will come and make presentation before the committee and supply chain will also advice on the matter presented
- • If the committee is happy with presentation they will approve the specification according to the department needs
- • They will recommend that the bid the advertised for 30 days or 14 days
- • The bid will be loaded for advert
- • It will be advertised in the local newspaper and on our website by the demand management section

- • During closing the prices will be read to the public and documents will be scanned
- • After scanning documents they will hand over to acquisition management section to do compliance
- • When compliance is done the report will be handed over to the functional head for checking and corrections
- • If the functional head is happy he/she will forward the report to the Deputy Director for checking again
- • When the Deputy Director is happy she will forward the report to Secretariat Section for scheduling of the Bid Evaluation Committee
- • The Bid Evaluation is duly appointed by the Accounting Officer
- • The report will be on the Agenda of the Bid Evaluation Committee and will be evaluated in that meeting
- • If the Bid Adjudication is happy they will recommend the bid to the Bid Evaluation Committee
- • The Adjudication is also duly appointed by the accounting officer
- • The item will be included on the Bid Adjudication Agenda
- • The Bid Adjudication Committee will discuss the which was recommended by the Bid Evaluation Committee
- • If the Bid Adjudication Committee after discussing item if its happy it will Approve the item
- • But remember the Accounting Officer is having the power to overrule what the committee had decided
- • After the approval of the item the resolution will be signed by the chairperson of adjudication committee together with the city manager

- • The signed resolution will be send to Supply Chain for appointment letters to be drafted by the contract section
- • The letters will be send to the city manager for signature and will be forwarded to the service providersю
- District Municipality tender procedure
- • Preparing a tender request – a requester that is requesting a tender goes through a process of preparing a tender request. Usually this is done by an organization in need of goods and services.
- • Notification/publishing the availability of a tender – this step demands the publication of a notice that declares tender documentation which is available and all access instructions into the tender documentation are all mentioned in the tendering document notice. This will determine that the organization will be able to keep track of the companies that requests the document, the amount of released documents and the amount of responses expected.
- • Preparing and to submit a response – the step requires the prospective tenderer which noted that the tender is available and obtained, the tenderer must prepare the tender document and submit it as a response before a limited date that is specified.
- • Adjudication panel – these phase negotiates the responses received and allocates points against criteria that is listed.
- • Selection of supplier- the supplier is selected based on the results of the adjudication.
- • Short list- in cases where more than one potential supplier is identified then a short list is compiled in which a supplier is chosen.

- • Contract-the agreement of the approved supplier requires a contract stipulating the obligation of both parties.
- • Site handover- at this point the tender becomes the contractor.

Local Municipality tender process

- • Calling for tender – usually an organization call for a tender for procurement of goods and service.
- • Compilation of documents – documentation for a competitive bidding process must comply with the General Conditions of Contracts or any special condition of contract specified and the requirements of the Construction Industry Development Board (CIDB). Furthermore the BEE levels must also be included in general.
- • Public invitation for competitive bids – any invitation of prospective providers must be done on the municipality website or on newspapers to the public. The invitation should be incorporated with the closing date of bidder submission which usually may not be less than 14 days or 30 days depending on the amounts of funds.
- • Site meetings or briefing sessions – a date and a time must be addressed for a site meeting, the purpose of this site meeting is that, a bidder may have addition queries which can be addressed at pre-bid meeting and formally send the minutes to all prospective bidders.
- • Handling, opening and recording of funds – the bids must officially be opened in public when bidder is present by two representatives and any bids that are received after closing date and shall be unconsidered and disqualified and returned to the tenderer unopened with immediate effect. Any bidder has the right to go through the names of

the bidders which are submitted on time and be read out. Usually reading is being done by the accounting officer.

- • Evaluation of bids – the selected bidders which are identified in the competitive bidding process are to be negotiated to the final term of contract by the accounting officer and the minutes that resulted from the negotiations must kept for record purposes and forwarded for filing. This process can also evaluate various bidding process which are two-stage bidding process which is granted for large project that are complicated and single stage selective tendering.
- • Committee system for competitive bidders – a committee system for competitive bids is established and consists of bid specification committee, a bid evaluation committee and bid adjudication committee for all procurement and those committees are appointed by accounting officer.
- • Bid specification committee – a bid specification committee is responsible for compiling specifications for each procurement of services and goods.
- • Bid evaluation committee – a bid evaluation committee is responsible to evaluate bids in accordance with the bidder's ability to execute the contract and the specifications of the specific procurement.
- • Bid adjudication committee – bid adjudication committee must study and consider the reports and recommendations of the bid evaluation committee and they make a final recommendation to the accounting officer to make the final award.

- • Procurement of related goods and services – at this stage, both parties must be able to enter into a written agreement to regulate the services and making payments.

REAL WORLD EXAMPLES

Ekurhuleni Metropolitan Municipality

Tender dossier for construction of waste drop-off centre at portion n. 6

Benoni area of Actonville of the farm rietfontein 115-IR. The tender reference is NETS_GP-O2. Project name: construction of waste drop-off center.

Time table DATE TIME Site meeting (if any) 12 March 2012 10: 30 Deadline of requests for any clarifications from the contracting authority 13 March 2012 16; 00 Last date on which clarifications can be issued by the contracting authority 14 March 2012 14: 00 Deadline of the submission of tenders 16 March 2012 16: 00 Notification of award to the successful tenderer

Within 3 days after opening session _ Signature of the contract Within 7 days after opening session _Submission of tender: -

- • Tenders must be submitted before the deadline specified in the table on the 16th March 2012. They must come along with the applications forms or to be sent by hand to NETSAFRICA, pencardia building 2, room N517.

The following general conditions shall be noted by the bidders: -

- • Tenderers must provide full evidence of their status.

- • The contracting authority is empowered to exclude any bidder from participation in a procurement procedure if was found of any convicted offence that concerns their professional conduct.
- • The bidders will be excluded from participation of procurement if was found bankrupt or not fulfilled the obligations that relate to payment of taxes.
- • The bidders will be excluded from participation in procurement if was involved in a fraud or illegal activity.
- • Contracts shall not be awarded to bidders that are subjective to conflict of interest during the procurement procedure.
- • Failure to include valid original tax clearance, certified copies of company, registration documents, proof of registration for value added tax and comprehensive company profile could lead to disqualification of bidding.

Period of validity: –

- • 90 days from the deadline for the submission of tenders, all tenderers shall be bound by their tenders.

Site visit: –

- • A site visit was held on 12th March 2012 at 10: 30, minutes were taken during the meeting.

Withdrawal of tenders: –

- • Tenders must write notification before the deadline for submission of tenders whenever wishing to withdraw their tenders. No tender may be

altered after deadline. • Cancellations may also occur due to all technical compliance tenders exceeds the financial resources available or there may be irregularities in the procedure. Opening of tender: - The opening and examination of tenders is purposefully for checking whether the documents are signed properly and if the tenders are in order in general. The tender was opened on 19th March 2012 at 12: 00 timing. They are usually opened by a chairperson who appointed by the committee.

CONCLUSION

When reviewing the tender processes used by the local, district and metropolitan municipality and real world examples where the tender processes re implemented there is a difference in the execution on the tender process that need to be followed. South African tender system is huge and approximately over 20% of GDP, which has direct implication for service delivery and job creation as well as readdressing past discrimination by empowering designated groups of people to receive preference in tendering. According to Ngobeni S (2011) it is concluded based on the tender process reviewing that:

- • The current evaluation system is not as good and is biased towards the lowest price bidders.
- • The tendering legislations are complex and may be difficult to implement correctly.
- • The tendering practices do not conform to internationally best practices.

- • The municipalities do not keep record of the detailed documents of all events of the tendering procedure at all times.
- • The municipalities tendering function is not carried in an effective way.
- • The municipalities follow all the tendering process steps at all times.
- • Tender practitioners are not adequately trained in the application of the tender process and its associated regulations.

RECOMMENDATIONS

From all the information gathered when reviewing the tender process of the local, district and metropolitan municipalities it is recommended that:

- • According to Moloisane RJ (2018) that all the qualitative requirements when bidding for a tender be fair, equitable, transparent, competitive and cost effective.
- • The municipality should alerts all the tenders when bidding for a tender with sufficient information to enable them to respond appropriately, state what the conditions of the application on the tendering procedure.
- • Tender procedures should reject the lowest tender if the supplier's reputation cannot be establish beyond any doubt.
- • Once the budget funding for a given capital project or capital asset has been confirmed, the actual tendering process by informing all the interested bidders of the opportunity to tender (Moeti et al 2007: 123)

- • Once the successful bidder has been chosen then the other bidders should be given their paid cash which is said to be non-refundable or be given half of that money.
- • According to Moeti et al (2007: 124) to avoid unfair selection of a tender bid, all the tenders received in good time must be opened in public and particulars of each tender must be made public and information should be entered into an official tender register, to be kept for auditing purposes.
- • According to Stelyn et al (2007: 374) public opening is highly recommended. Bidders are present and they can also sign the attendance register.