



Mandeni Municipality

Policy for Infrastructure Delivery Management and Procurement

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1 SCOPE

- 1.1 The scope of this policy is to establish the Mandeni Municipality's policy for implementing Infrastructure Delivery and Procurement Management by establishing the following:
- a) Project lifecycle processes for infrastructure delivery management, and
 - b) Infrastructure procurement gates.
- 1.2 This policy specifies the allocation of responsibilities for performing activities and making decisions at project gates and procurement gates.

2 TERMS AND DEFINITIONS

For the purposes of this document, the terms and definitions apply:

Approved: officially agreed and signed-off by an Accounting Officer or a delegated person or body

Construction: everything that is constructed or results from construction operations

Employer: organ of state intending to or entering into a contract with a contractor

Gate: A control point at the end of a process where a decision is required before proceeding to the next process or activity.

Gateway review: An independent review of the available information at a gate upon which a decision to proceed to the next process, or not, is based.

Infrastructure:

- a) immovable assets which are acquired, constructed or which results from construction operations; or
- b) moveable assets which cannot function independently from purpose built immovable assets

Infrastructure delivery: the combination of all planning, technical, administrative, and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation, or disposal of infrastructure.

Infrastructure delivery management: The application of the infrastructure delivery management processes of portfolio, programme, operations, maintenance, and project management, to plan and implement the work required to sustain the performance of infrastructure assets, for public service delivery.

"Infrastructure Delivery Management System" The government management system that guides and enables infrastructure delivery in the Public Sector.

Infrastructure procurement: The procurement of goods or services including any combination thereof associated with the acquisition, refurbishment, rehabilitation, alteration, maintenance, operation or disposal of infrastructure.

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Mega capital project: an infrastructure project or a series of interrelated infrastructure projects on a single site having an estimate cost, including those required for new facilities or systems to become fully operational, above the value of R25 million including VAT.

Organ of state: an organ of state as defined in section 239 of the Constitution of the Republic of South Africa

Procurement strategy: selected packaging, contracting, pricing, and targeting strategy and procurement procedure for a particular procurement

Project: a unique set of processes consisting of coordinated and controlled activities with start and end date, performed to achieve the project objective.

Stage: a collection of logically related activities in the infrastructure delivery cycle that culminates in the completion of a major deliverable

3 ABBREVIATIONS

For the purposes of this document, the following abbreviations apply:

CIDB:	Construction Industry Development Board
IDP:	Integrated Development Plan
IDMS:	Infrastructure Delivery Management System
FIDPM:	Framework for Infrastructure Delivery and Procurement Management
MFMA:	Municipal Finance Management Act of 2003, (Act no. 65 of 2003)
PSP:	Professional Service Provider
PPPFA:	Preferential Procurement Policy Framework Act
SCM:	Supply Chain Management
SDBIP:	Service Delivery Budget Implementation Plan

4 NORMATIVE REFERENCES.

4.1 Acts of Parliament Applicable to the Policy:

- Architectural Profession Act, 2000 (Act no. 44 of 2000)
- Broad-Based Black Economic Empowerment Act, 2003 (Act no. 53 of 2003)
- Constitution of the Republic of South Africa, 1996 (Act no. 108 of 1996)
- Construction Industry Development Board Act, 2000 (Act no. 38 of 2000)
- Division of Revenue Act (Annual)
- Engineering Profession Act, 2000 (Act no. 46 of 2000)
- Landscape Architectural Professions Act, 2000 (Act no. 45 of 2000)

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- Municipal Finance Management Act, 2003 (Act no. 56 of 2003)
- National Archives and Record Services of South Africa Act, 1996 (Act no. 43 of 1996)
- Occupational Health and Safety Act, 1993 (Act no. 85 of 1993)
- Preferential Procurement Policy Framework Act, 2000 (Act no. 5 of 2000)
- Project and Construction Management Professions Act, 2000 (Act no. 48 of 2000)
- Quantity Surveying Professions Act of 2000 (Act no. 49 of 2000)
- Other Sector specific Acts of Parliament.

4.2 Regulations issued in terms of the MFMA and MFMA Circulars:

- Regulations issued in terms of the MFMA.
- Preferential Procurement Policy Framework Act and Preferential Procurement Regulations of 2022 or as amended from time to time.

4.3 Standards:

- Applicable Construction Industry Development Board Standards for Uniformity.
- Construction Sector Code.

4.4 Management Systems:

- Infrastructure Delivery Management System (IDMS)
- Cities Infrastructure Delivery Management Toolkit (CIDMT)

4.5 National Treasury Guidelines:

- Local Government Capital Asset Management Guideline and Planning Guidelines.
- Budget Facility for Infrastructure (BFI).

4.6 Department of Cooperative Governance and Traditional Affairs Guidelines:

- Guidelines for Infrastructure Asset Management in Local Government.

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5 FRAMEWORK FOR INFRASTRUCTURE DELIVERY MANAGEMENT

5.1 Infrastructure Delivery Management Processes

- a) The project process of infrastructure delivery management contains control stage deliverables at the end of each stage. **Table 1** outlines the stage deliverables that must be approved.

The control stages are specific to project management processes; and outline and describe the stages in the life of a project from start to end. The specific stages are determined by the specific project's governance and control needs. The stages follow a logical sequence with a specified start and end.

The deliverable is considered to have passed through the relevant stage when it is approved and signed off. The project then moves on to the next sequential stage.

It is also expected that there should be engagements with the National and Provincial Treasury where appropriate or where projects dictate so.

Table 1: Project Stage Deliverables

Stage		Project Stage Deliverables	Assigned responsibility for approving the end of stage deliverables
No	Name	End of Stage Deliverables	
1	Initiation	<p>Initiation Report or Pre-feasibility Report</p> <p>(i) The Initiation Report defines project objectives, needs, acceptance criteria, organisation's priorities and aspirations, and procurement strategies, which set out the basis for the development of the Concept Report in Stage 2.</p> <p>Or</p> <p>(ii) A Pre-feasibility Report is required on Mega Capital Projects, to determine whether to proceed to the Feasibility Stage; where sufficient information is presented to enable a final project implementation decision to be made. Mega capital projects should be determined in the municipality's policy approved by the Municipal Council.</p> <p>Stage 1 is complete when the Initiation Report or Pre-feasibility Report is approved.</p>	<p>Director Technical Services and Infrastructure Development approves the initiation report.</p> <p>Director Technical Services and Infrastructure Development approves the Pre-feasibility report.</p>

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2	Concept	<p>Concept Report or Feasibility Report</p> <p>(i) The Concept Stage presents an opportunity for the development of different design concepts to satisfy the project requirements developed in Stage 1.</p> <p>This stage presents alternative approaches and an opportunity to select a particular conceptual approach. The objective of this stage is to determine whether it is viable to proceed with the project, premised on available budget, technical solutions, time frame and other information that may be required.</p> <p>(ii) The Concept Report should provide the following minimum information:</p> <ul style="list-style-type: none"> a) Document the initial design criteria, cost plan, design options and the selection of the preferred design option; or the methods and procedures required to maintain the condition of infrastructure, or the project. b) Establish the detailed brief, scope, scale, form and cost plan for the project, including, where necessary, the obtaining of site studies and construction and specialist advice. c) Provide an indicative schedule for documentation and construction, or maintenance services, associated with the project. d) Include a site development plan, or other suitable schematic layouts, of the works. e) Describe the statutory permissions, funding approvals and utility approvals required to proceed with the works associated with the project. f) Include a baseline risk assessment for the project and a health and safety plan, which is a requirement of the Construction Regulations issued in terms of the Occupational Health and Safety Act. g) Contain a risk report, need for further surveys, tests, investigations, consents and approvals, if any, during subsequent stages. <p>(iii) A Feasibility Report must provide the following minimum information:</p> <ul style="list-style-type: none"> a) Details regarding the preparatory work 	<p>Director Technical Services and Infrastructure Development approves the Concept report.</p>
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Stage		Project Stage Deliverables	Assigned responsibility for approving the end of stage deliverables
No	Name	End of Stage Deliverables	
		<p>covering:</p> <ul style="list-style-type: none"> • A needs and demand analysis with output specifications. • An options analysis. <p>b) A viability evaluation covering:</p> <ul style="list-style-type: none"> • A financial analysis. • An economic analysis, if necessary. <p>c) A risk assessment and sensitivity analysis;</p> <p>d) A professional analysis covering:</p> <ul style="list-style-type: none"> • A technology options assessment. • An environmental impact assessment. • A regulatory due diligence. <p>e) An implementation readiness assessment covering:</p> <ul style="list-style-type: none"> • Institutional capacity. • A procurement plan. <p>Stage 2 is complete when the Concept Report or the Feasibility Report is approved.</p>	Director Technical Services and Infrastructure Development approves the Feasibility report.
3	Design Development	<p>Design Development Report</p> <p>(iv) The Design Development Report must, as necessary:</p> <ul style="list-style-type: none"> a) Develop, in detail, the approved concept to finalise the design and definition criteria. Establish the detailed form, character, function and costings. b) Define the overall size, typical detail, performance and outline specification for all components. c) Describe how infrastructure, or elements or components thereof, are to function; and how they are to be safely constructed, be commissioned and be maintained. d) Confirm that the project scope can be completed within the budget, or propose a revision to the budget. <p>Stage 3 is complete when the Design Development Report is approved.</p>	Director Technical Services and Infrastructure Development approves the Design Development Report

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Stage		Project Stage Deliverables	Assigned responsibility for approving the end of stage deliverables
No	Name	End of Stage Deliverables	
4	Design Documentation	<p>Design Documentation</p> <p>(v) Design documentation provides:</p> <ul style="list-style-type: none"> a) the production information that details performance definition, specification, sizing and positioning of all systems and components that will enable construction; b) the manufacture, fabrication and construction information for specific components of the work, informed by the production information. <p>Stage 4 is complete when the Design Documentation Report is approved.</p>	Director Technical Services and Infrastructure Development approves the Design Documentation
5	Works	<p>Completed Works capable of being used or occupied</p> <p>(vi) Completion of the Works Stage requires:</p> <ul style="list-style-type: none"> a) Certification of the completion of the works in accordance with the provisions of the contract; or b) Certification of the delivery of the goods and associated services in accordance with the provisions of the contract. <p>Stage 5 is complete when the Works Completion Report is approved.</p>	Director Technical Services and Infrastructure Development approves the certification of the completion of the works.
6	Handover	<p>Works which have been taken over by the user or owner; Completed Training; Record Information</p> <p>(vii) The handover stage requires the following activities to be undertaken:</p> <ul style="list-style-type: none"> a) Finalise and assemble record information which accurately reflects the infrastructure that is acquired, rehabilitated, refurbished or maintained; b) Hand over the works and record information to the user organisation and, if necessary, train end user staff in the operation of the works. <p>Stage 6 is complete when the Handover/Record Information Report is approved.</p>	Director Technical Services and Infrastructure Development approves the Handover Report

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Stage		Project Stage Deliverables	Assigned responsibility for approving the end of stage deliverables
No	Name	End of Stage Deliverables	
7	Close-Out	<p>Defects Certificate or Certificate of Final Completion; Final Account; Close-Out Report.</p> <p>(viii) The Close-Out Stage commences when the end user accepts liability for the works. It is complete when:</p> <ul style="list-style-type: none"> a) Record information is archived; b) Defects certificates and certificates of final completion are issued in terms of the contract; c) Final amount due to the contractor is certified in terms of the contract; d) Close-Out Report is prepared by the Implementer and approved by the Municipality. <p>Stage 7 is complete when the Close-out Report is approved.</p>	<p>Director Technical Services and Infrastructure Development approves the Close-out Report of the works.</p>

- b) Procurement of PSPs and Contractors can occur at different points in the project stages.
- c) For project progress using the project stages, reporting must be for the deliverable achieved in the stage immediately prior to the '**in progress**' stage. For example, if a project is shown as being at Stage No. 3 (Design Development), it implies that the deliverable for Stage No. 2 (i.e. the Concept Report) has been achieved; and that the deliverable for Stage 3 (i.e. the Design Development Report) is in the process of being prepared.
- d) Where Organs of state who engage another organ of state to provide agency services shall develop a service delivery agreement that should outline the roles and responsibilities for each organ of state which creates a relationship between a client and an implementer.
- The development of all deliverables should be carried out in a cooperative and consultative manner between both parties (i.e. between Client and Implementer). All deliverables must be developed and signed off as per their service delivery agreement.

5.2 Gateway reviews for Mega Capital Projects

5.2.1 Gateway Reviews for Mega Capital Projects

- (i) The MFMA (Act 56 of 2003), section 19 (2) states: "Before approving a capital project in terms of subsection (1)(b), the council of a municipality must consider the projected cost covering all financial years from the start until the project is operational; and the future operational costs and revenue on the project, including municipal tax and tariff implications."
- (ii) This Policy prescribes the gateway review at the end of stage 2 as the minimum

requirement to comply with section (i) above.

- (iii) The focus of such a review shall be, in the first instance, on the quality of the documentation, and thereafter on:
 - a) **Deliverability:** the extent to which a project is deemed likely to deliver;
 - b) **The expected benefits** within the declared cost, time and performance envelope;
 - c) **Affordability:** the extent to which the level of expenditure and financial risk involved in a project can be taken up, given the organisation's overall financial position, both singly and in the light of its other current and projected commitments; and
 - d) **Value for money:** The optimum combination of whole life costs and quality (or fitness of purpose) to meet the user's requirements.
- (iv) A gateway review team shall comprise not less than three persons who are not involved in the project associated with the work covered, and are familiar with various aspects of the subject matter.
- (v) A gateway review shall be led by a person who has experience in the planning of infrastructure projects and is registered as a professional with a statutory council under the built environment professions. The members of the team shall, as relevant, have expertise in the key technical areas, cost estimating, scheduling and implementation of similar projects.
- (vi) It is the duty of the Mandeni Municipality's Accounting Officer to appoint a team responsible for the gateway review.
- (vii) The gateway review team shall base its findings primarily on:
 - (a) The information contained in the end-of-stage deliverable;
 - (b) Supplementary documentation, if any, provided by key staff obtained during an interview process; and
 - (c) Interview with key staff members and stakeholders.
- (viii) The gateway review team shall issue a report at the conclusion of a gateway review, which indicates the team's assessment of the information at the end of a stage and provides findings or recommendations on areas where further work may be undertaken to improve such information.
- (ix) The gateway review findings shall be classified by the gateway review team as:
 - a) **Critical:** Findings that pose adverse effect to the project or package. Critical findings are wholly unacceptable.
 - b) **Major:** Findings that pose a potentially adverse effect to the project or package. Major findings are serious findings and are in direct violation of key legislation, e.g. The Constitution of the Republic of South Africa, 1996; the MFMA or the PPPFA
 - c) **Minor:** Findings not posing any adverse effect to the project or package. Minor findings indicate the need for improvement of practices and processes.
- (x) A **Stage 2** deliverable must not be approved until such time that all findings have been resolved.

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6 FRAMEWORK FOR INFRASTRUCTURE PROCUREMENT

6.1 Introduction

- 6.1.1. The framework for infrastructure procurement outlines the minimum infrastructure procurement policy requirements for Mandeni Municipality's planning and implementation.
- 6.1.2. The strategic direction set in the Integrated Development Plan (IDP) informs the framework for infrastructure procurement. For example, procurement strategies must be aligned to the municipality's developmental and internal transformation needs, as specified in the IDP.

6.2 Minimum Requirement for Infrastructure Procurement

- 6.2.1 Infrastructure procurement must be undertaken in accordance with all applicable Infrastructure Procurement related legislation and this Framework.
- 6.2.2 Infrastructure procurement must be implemented in accordance with the Mandeni Municipality's Supply Chain Management System, which promotes differentiated procurement for infrastructure.
- 6.2.3 Infrastructure procurement must be implemented in accordance with the procurement gates prescribed in **clause 6.3** below.
- 6.2.4 The Accounting Officer must ensure that a budget is available for the duration of the project, in line with MFMA provisions for capital and operating budgets.
- 6.2.5 The Accounting Officer must ensure that cash flow management processes are in place to meet payment obligations within the time periods specified in the contract.
- 6.2.6 Procurement gates provided in **clause 6.3** below must be used, as appropriate, to:
 - a) **Authorise** commencement of activities that lead to the next control gate;
 - b) **Confirm** conformity with requirements; and/or
 - c) **Provide** information to eliminate any cause of non-conformity and to prevent reoccurrence.
- 6.2.7 The authorisation to proceed to the next procurement gate must be given by Director Technical Services and Infrastructure Development

The Director Technical Services and Infrastructure Development must be able to apply relevant built environment knowledge and skill to achieve the intended results required at the relevant procurement gate.

The level of detail contained in the documentation on which a decision to proceed to the next procurement gate is made, must be sufficient to enable an informed decision.
- 6.2.8 The Accounting Officer must develop and implement effective and efficient emergency procurement procedures, including relevant approval delegation, in compliance with relevant legislation.
- 6.2.9 The Accounting Officer must develop and implement an effective and efficient infrastructure disposal policy in line with the Municipal Asset Transfer Regulations. The institution may consider disposal strategies aligned to their internal disposal policy, prior to proceeding with the procurement strategy.
- 6.2.10 The Accounting Officer must keep records of Procurement Gate Approvals, in a manual or

electronic format, with the following minimum requirements:

- a) Procurement gate;
- b) Delegated person/s or body;
- c) Date on which the approval request was received;
- d) Date on which the approval was actioned; and
- e) Signature of the delegated person/s or body

6.2.11 All assets must be recorded in the municipal asset register as required by the GRAP standards.

6.3 Infrastructure Procurement Gates

6.3.1 Procurement Gate 1 (PG1):

- a) Initiate a procurement process;
- b) Minimum Requirement for **PG 1**:
 - 1) Establish and clarify what needs to be procured.
 - 2) Determine a suitable title for the procurement, to be applied as the project description.
 - 3) Prepare the broad scope of work for the procurement.
 - 4) Perform market analysis.
 - 5) Estimate the financial value of proposed procurement and contract for budgetary purposes, based on the broad scope of work.
 - 6) Confirm the budget.
 - 7) Compliance with section 33 of the MFMA with respect to community and stakeholder consultation.
- c) **PG 1** is complete when Chief Financial Officer and Director Technical Services and Infrastructure Development makes a decision to proceed/not to proceed with the procurement of the infrastructure.

6.3.2 Procurement Gate 2 (PG2):

- a) Obtain approval for procurement strategies that are to be adopted.
- b) Minimum Requirement for **PG 2**:
 - 1) Decide on procurement strategies.
 - a. Establish contracting and pricing strategy comprising of an appropriate allocation of responsibilities and risks and the methodology by which contractors are to be paid.
 - b. Identify service required for works.
 - c. Decide on contracting strategy.
 - d. Decide on pricing strategy.
 - e. Decide on form of contract.
 - f. Establish opportunities for promoting preferential procurement in compliance with legislative provisions and the Construction Sector Code.

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- c) **PG 2** is complete when the Manager SCM approves the procurement strategies that are to be adopted.

6.3.3 Procurement Gate 3 (PG3)

- a) Obtain approval for procurement documents.
- b) Minimum requirements for **PG 3**:
 - 1) Prepare procurement documents that are compatible with
 - (i) Approved procurement strategies.
 - (ii) Project management design documentation.
- c) **PG 3** is complete when the **Bid Specification Committee** approves the procurement document.

6.3.4 Procurement Gate 4 (PG4)

- a) Confirm that cash flow is sufficient to meet projected contractual obligations.
- b) Minimum requirement for **PG 4**
 - 1) Confirm sufficient cash flow to meet contractual obligations.
 - 2) Establish control measures for payment of contractors within the time period provided for in the contract.
- c) **PG 4** is complete when the Chief Financial Officer confirms in writing that cash flow processes are in place; and control measures are established for the procurement to take place.

6.3.5 Procurement Gate 5 (PG 5)

- a) Solicit tender offers.
- b) Minimum requirements for **PG 5**
 - 1) Invite tender offers.
 - 2) Receive tender offers.
 - 3) Record tender offers.
 - 4) Safeguard tender offers.
- c) **PG 5** is complete when tender offers received are recorded and safeguarded by SCM Practitioner: Bid Committees from the SCM unit.

6.3.6 Procurement Gate 6 (PG 6)

- a) Evaluate tender offers in terms of undertakings and parameters established in procurement documents.
- b) Minimum Requirement for **PG 6**:
 - 1) Open and record tender offers received.
 - 2) Determine whether or not tender offers are complete.
 - 3) Determine whether or not tender offers are responsive.
 - 4) Evaluate tender submissions.
 - 5) Perform a risk analysis.
 - 6) Prepare a tender-evaluation report.

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- c) **PG 6** is complete when the **chairperson** of the **Bid Evaluation Committee** approves the **BEC report**.

6.3.7 Procurement Gate 7 (PG7)

- a) Award the contract.
- b) Minimum Requirement for **PG 7**:
 - 1) Bid adjudication committee review of the BEC evaluation report.
 - 2) Bid Adjudication Committee makes an award.
 - 3) Accounting Officer approval of the tender process.
 - 4) Notify successful tenderer and unsuccessful tenderers of the outcome.
 - 5) Sign contract document.
 - 6) Formally accept tender offer.
- c) **PG 7** is complete when the [Accounting Officer, or the Bid Adjudication Committee where delegated], confirms that the tenderer has provided evidence of complying with all requirements stated in the tender data and formally accepts the tender offer in writing, and issues the contractor with a signed copy of the contract.

6.3.8 Procurement Gate 8 (PG 8)

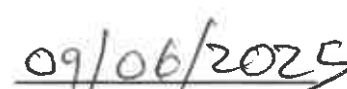
- a) Administer and monitor the contract.
- b) Minimum Requirements for **PG 8**:
 - 1) Finance department to:
 - (i) Capture contract award data.
 - (ii) Manage cash flow projection.
 - (ii) Administer contract in accordance with the terms and provisions of the contract.
 - 2) Delivery department to:
 - (i) Ensure compliance with contractual requirements.
- c) **PG 8** is complete when SCM Practitioner: Contract Management captures the contract completion/termination data (close out reports and relevant documents), including payment certificates due.

PREPARED BY: NZ GUZANA

DATE OF ADOPTION BY COUNCIL: 29 MAY 2025

COUNCIL RESOLUTION NO: C122


MUNICIPAL MANAGER
SG KHUZWAYO


DATE: