MNQUMA LOCAL MUNICIPALITY

CAPITAL INFRASTRUCTURE PROJECTS MANAGEMENT POLICY

PREPARED BY:

The Mnquma Local Municipality (Infrastructure Development)
PO Box 36
Butterworth
4960

MNQUMA MUNICIPALITY
P.O. BOX 36, BUTTERWORTH 4960
2025 -05- 29
MUNICIPAL MANAGER

CONTACT PERSON
Mr. B. Nohesi
Tel No: 047 050 1250

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1. POLICY REVIEW

The policy will be reviewed annually to ensure its alignment to the changes applicable laws and legislations

When deemed necessary on ad hoc basis, the Accounting Officer or duly delegated person must submit a proposal of amendment of the policy to the Council for consideration and adoption.

2. POLICY ADOPTION

The Accounting Officer will be accountable for this policy and must ensure that this policy is submitted to the council for consideration and adoption.

APPROVAL OF THE POLICY

This policy was adopted by the Council on the **29Th May 2025** As per resolution number **SCM7/25/007.1.3.3.**

AUTHENTICATION

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MR. S. MAHLASELA
MUNICIPAL MANAGER

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CLLR. T. MANXILA NKAMISA
EXECUTIVE MAYOR

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NOMENCLATURE

IDP	Integrated Development Plan
Dora	Division of Revenue Act
GRAP	Generally Recognised Accounting Practises
ISD	Institutional Social Development
MIG	Municipal Infrastructure Grant
EPWP	Expanded Public Works Programme
MTEF	Medium Term Expenditure Framework
SDBIP	Service Delivery Budget and Implementation Plan
PIP	Project Implementation Plan
SCM	Supply Chain Management
PMU	Project Management Unit
SLA	Service Level Agreement

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DEFINITIONS

Accounting Officer	means the Municipal Manager appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) and being the head of administration and accounting officer in terms of section 60 of the Local Government Municipal Systems Act 2000(Act No.32 of 2000)
Assets	are resources controlled by the municipality as a result as past events and from which future economic benefit or benefit or service potential are expected to flow to the municipality
PIP	means a Project Implementation Plan or Procurement Plan which is a guiding document detailing the project milestones and associated cash-flow projections within a funded period
Feasibility Study	an investigation exercise to gather data to support the compilation of specification and inform the likelihood of achieving the desired capital development
Professional Service Provider	means any professionally registered consulting firm or individual/s or a company in terms of the Act , appointed by the municipality to provide specialized or professional services towards the design and management of project.
PMU	means Project Management Unit implementing a capital project that when completed and into operation capitalised and added into the Infrastructure Asset Register.
SLA	means a service level agreement entered by the municipality with the appointed professional service provider
Contract Management	means management of resources organised towards the management of project development

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1. INTRODUCTION

1.1 Background

The Mnquma Local Municipality (MLM) has established a policy to give guidance to ensure effective implementation of capital projects in the municipality. The policy also seeks to ensure that the National Development goals are achieved through service delivery. This policy will not be in contravention of applicable laws, legislatures and guiding prescripts.

1.2 Aims and Objectives

- To provide guidance towards effective management and monitoring of capital project development
- To promote and ensure adherence to conditional grants and capital project requirements as stipulated in Division of Revenue Act (dora).
- To ensure that capital projects are completed within the specified time frames, budget and are of the required quality standards.
- To ensure that contract administration is adhered to through efficient documentation of project files in accordance with the municipal record keeping.
- To ensure that infrastructure projects are capitalised in terms of the Generally Recognised Accounting Practises (GRAP)17.
- To ensure that completed projects are efficient monitored though the asset management framework (performance management and asset risk management)

2. LEGISLATIVE REQUIEREMENTS

2.1 Constitution of the Republic of South Africa 1996 and Rules

Section 152 sets out a broad spectrum for local government which clearly states that among its objectives,

(b) to ensure the provision of services to communities in a sustainable manner;

(e) to encourage the involvement of communities and community organisations in the matters of local government

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2.2 Local Government: Municipal Systems Act, No.32 of 2000 and regulations

Section 36 states that the municipality must give effect to the integrated development plan and conduct its affairs in a manner which is consistent with its integrated development plan. Furthermore, Section 41 (1) (b) stipulates that the municipality sets measurable performance targets with regards to each of those development plans.

Mnquma Local Municipality uses the IDP and the SDBIP to set out targets that are then adopted by the council regarding the planning of capital projects as envisioned by the Capital Project Implementation and Management Policy.

2.3 The Municipal Finance Management Act (56 of 2003)

- Capital Projects

Section 19 stipulates under subsection:

(1) A municipality may spend on a capital project only if;
  (a) The money for the project, excluding cost of feasibility conducted by or on behalf of the municipality, has been appropriated in the capital budget referred to in section 17(2);
  (b) The project, including the total cost, has been approved by the council:
  (c) The section 33 has been compiled with, to the extent that the section may be applicable to the project; and
  (d) The source of funding has been considered, are available and have not been committed for, other purposes.

(2) Before approving a capital project in terms of subsection (1) (b), the council of a municipality must consider
  (a) The project cost covering all financial years until the project operations;
  (b) The future operational costs and revenue on the project, including municipal tax and tariff implications

(3) A municipal council may in terms of subsection (1)(b) approve capital projects below prescribed value either individually or as part of consolidated capital programme.

- Contracts and contract management

Section 116 subsection (2) requires the accounting officer of a municipality to;

(a) Take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity is properly enforced;
(b) Monitor on a monthly basis the performance of the contractor under the contract or agreement;
(c) Establish capacity in the administration of the municipality or municipal entity-
  (i) To assist the accounting officer in carrying out the duties set out in paragraphs (a) and (b)

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(ii) To oversee the day-to day management of the contract or agreement; and

2.4 Division of Revenue Act (dora)

(As introduced in the National Assembly (proposed section 76); explanatory summary of Bill published in Government Gazette No.36180 of 22 February 2013)

Section 16 – Expenditure in terms of purpose and subject to conditions

(1) Despite anything contrary in any other legislation, an allocation referred to in Schedules 4 to 7 contained in the Act may only be utilized for the purpose stipulated in the Schedule concerned and in accordance with the applicable framework.

(2) A receiving officer may not transfer any Schedule 5 allocation thereof to any other entity or other sphere of government, with the approval of the National Treasury, agreed to a payment schedule and-

(a) It is a transfer that is approved in the budget of the receiving provincial department or municipality or the applicable framework;

(b) It is a payment for services rendered or goods received, which services or goods were procured in accordance with supply chain management policy or procurement policy of the relevant province or municipality and for which adequate documentation for payment has been received; or

Section 17 – Withholding of allocation

(1) Subject to subsections (2) and (3), a transferring national officer may withhold the transfer of a Scheduled 4 or 5 allocation, or any portion thereof, for a period not exceeding 30 days, if-

(a) The province or municipality does not comply with any provision of this Act;

(b) Roll-overs of conditional allocations approved by the National Treasury in terms of section 21 have not been spent; or

(c) Expenditure on previous transfers during the financial year reflects significant under expenditure, for which no satisfactory explanation is given.

Section 18- Stopping of allocation

(1) Despite section 17, the National Treasury may, in its discretion or at the request of a transferring national officer, or a receiving officer, stop the transfer of a Schedule 4 or 5 allocation, or a portion thereof, to a province or municipality-

(a) On the grounds of persistent and material non-compliance with this Act;

(b) If the National Treasury anticipates that a province or municipality will substantially under spend on that programme or allocation in the financial year;

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(c) If a function is assigned from a province to a municipality, as envisaged in section 10 of the Local Government: Municipality Systems Act, 2000; or

(d) If a province implementing an infrastructure project does not comply with the construction industry best practice standards and guidelines, as identified and approved by the National Treasury

2.5 The Municipal Structures Act (Act 20 of 2002)

- Temporary allocation of Functions and powers

Section 87 (1) stipulates that if the provision of basic services by a district or local municipality collapses or is likely to collapse because of that municipality's lack of capacity or for any other reason, the MEC for local government in the province may, after written notice to the district or local municipality and with immediate effect, allocate any functions and powers necessary to restore or maintain those basic services , to a local municipality which falls within that district municipality or the district municipality in whose area that local municipality falls, as the case may be.

- Functions and powers of executive committees

Section 44 (3) (e) stipulates that the executive committee must oversee the provision of services to communities in the municipality in a sustainable manner.

2.6 The Local Government Municipal System Act (Act 32 of 2000)

Chapter 1 under Definition, The Act assigns a particular meaning to the words "financial sustainable" the provision of a municipal service in a manner aimed at ensuring that the financing of that service from the internal and external sources, including budgeted income, grants and subsidies for the service, is sufficient to cover the costs of-

(b)operation the service, and
(c) maintaining, repairing and replacing the physical assets used in the provision of the service;

2.7 National Treasury Instruction on Enhancing Compliance Monitoring and Improving Transparency and Accountability in Supply Chain Management

Management of expansions or variation of orders against the original contract under the Section 3.9 stipulates in subsection

- 3.9.1 reads "it is recognized that, in exceptional cases, an accounting officer or accounting authority may deem it necessary to expand or vary orders against the original contract"

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- 3.9.2 reads "The absence of a prescribed threshold for the expansion or variation of orders against the original contract has, however, led to gross abuse of the current SCM system"

- 3.9.3 reads "In order to mitigate such against such practices, accounting officers and authorities are directed that, from the date of this instruction note taking effect, contracts may be expanded or varied by not more than 20% or R 20 million (including all applicable taxes) for all other goods, works and /or services and 15% or R 15 million (including all applicable taxes) for all other goods and /or services of the original value of the contract, whichever is the lowest amount. The relevant treasuries may, however, decrease these thresholds for institutions reporting to them"

- 3.9.4 reads "Any deviation in excess of these thresholds will only be allowed subject to the prior written approval of the relevant treasury. Whilst provision is made for deviations, it is imperative to note that requests for deviations may only be submitted to the relevant treasury where good reasons exist."

2.8 Guideline and Processes for Estimating Fees for Registered Engineering Professionals

The Engineering Council of South Africa has, under section 34(2) of the Engineering Profession Act ,2000 (Act No.46 of 2000) provides this guideline for determine fees to be paid for engineering services that are fair and equitable to all parties.

3. PROCESS PLAN FOR THE ADMNISTRATION OF CAPITAL PROJECTS

3.1 Project Identification

Project Identification takes place in the first stages of the capital project development. This stage is a needs analysis stage whereby communities are engaged in programmes necessary for them to address their requirements in terms of infrastructure development in their communities. The identification of infrastructure capital programmes is conducted through public participation of the municipality where meetings are convened at ward level. These meetings should produce attendance registers and minutes of the meeting as proof of the deliberations.

This is followed by the scoping investigation of the prioritized projects through the PMU office. The scoping must be conducted by the professional service or a specialist in that particular field or maybe conducted by the municipality's Project Managers. To perform the feasibility study, the community should be engaged through community mobilization or public participation. It is deemed necessary to involve the Social Facilitator at this stage of conceptualization through the PMU office (ISD Officer) or externally through outsourcing of Social Facilitator.

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When the above process has been completed, the list of projects to be implemented by the municipality in the Medium Term Expenditure Framework (MTEF) period will be established and adopted by the Council through the IDP processes. These will also be included in the municipality's strategic objective of the Strategic Development and Budget Implementation Plan. The PMU office shall then develop a Three-Year Capital Plan, followed by a Project Implementation Plan based on the adopted MTEF Capital Plan and funding allocations indicated in the Division of Revenue Act.

3.2 Capital Project Planning

The PMU must on an annual basis develop a Project Implementation Plan and Project Procurement Plans in preparation for the next financial year's capital expenditure. The final MIG PIP approved by the accounting officer is submitted to the sector department at end of April of the prior year, which is 3 months before the commencement of the next financial year. The Procurement Plans are developed the end-user department and are then approved by the Council 3 months before the commencement of the next financial year. Each directorate division shall compile monthly projected cash-flows in accordance with the scheduled projects contained in the Project Implementation Plan.

The Project Implementation Plan shall consist of projects for construction services and for planning services. For a proactive planning, the municipality shall make provision of funding to be allocated to Professional Service Providers for the design of projects 10 months' prior commencement of the next financial year. This proactiveness shall assist with conformance with the requirements or regulations of the National Treasury and other relevant sector departments.

3.3 Procurement and Documentation for Professional and Construction Services for the Implementation of Capital Projects

(a) Applicable Guidelines, Standards and norms

Bid/Tender documentation for the procurement of goods or services must be compiled and drafted in accordance with the latest publications contained among others in the following Guidelines & Legislations:

- Preferential Procurement Policy Framework Act, 2000; Preferential Procurement Regulation 2022; Mnquma Local Municipality SCM Policy,
- Construction Industry Development Board (CIDB) Standard for Uniformity in Construction Procurement
- Latest MBD forms as issued by the National Treasury,
- Standard Professional Services Contract (1014)-Third Edition July 2009,
- Occupational Health and Safety Act, 1993 (Act No.85 of 1993),
- Applicable SANS 1200 for Standardized Specification for Civil Engineering Construction,

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- Latest applicable National Treasury Circulars & Government Gazettes
- The General Conditions of Contract for Construction Works, Third Edition (2015) published by the South African Institution of Civil Engineering
- Colto Standard Specification for Roads and Bridges Works for State Road Authorities
- Joint Building Construction Contract (JBCC)
- Municipal Infrastructure Service Delivery Guideline 2011 by Provincial MIG Administration

The Supply Chain Management Office shall be required to arrange bid committees (for specification, evaluation and adjudication) to be convened in accordance with set time frames contained in the Procurement Implementation Plans.

During the Procurement of Professional or Construction Services, an expert in the field of the service required from the end-user department shall provide capacity support to the Specification's Committee towards compilation of specifications and bidding documentation. Drafting for specification for goods or services required shall conform to the legislative requirements contained under Regulation 27 of the Supply Chain Management Regulations. Minutes thereof must be compiled by the SCM practioner and made part of the project file. The frequency of sitting should not delay or prohibit efficient procurement goods and services.

During the drafting of the specifications, an appropriate functionality criterion shall be compiled to ensure sourcing of suitable and qualified Professional service providers.

Any changes on the bidding documentation during the bidding process shall be communicated in a form of Addenda and changes that further affect the advertised specifications shall be communicated in a form of Erratum. The Supply Chain Management section shall facilitate the above mentioned process in consultation with the user department and the latter shall form part of the contract or bidding documentation.

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(b) Compulsory Briefing Meeting

The advert or notice to bidders must conform to the compiled specification and be made public or advertised for a period of not less than 21 days as per the municipality's adopted SCM Policy.

A compulsory briefing meeting must have convened at not less than 5 days after the publishing of the notice to bidders and the original copy of the compulsory briefing attendance register compiled during the process be forwarded to the SCM office to be used during the evaluation of bids and a copy kept in the project files. Any amendments proposed and agreed upon during the compulsory briefing meeting shall be reflected on the briefing minutes.

The minutes of the compulsory briefing meeting, attendance register, clarification queries and response to enquiries shall be circulated to bidders and allowed respectively up until 5 days before the closing of

bids. Responses to queries by the end user department / psps shall be copied to all bidders to promote transparency, fair and competitive bidding.

(c) Evaluation of Bids

All changes (Addenda, Erratum, etc.) In the project during the bidding process must be considered during the evaluation. If the briefing meeting was advertised as being compulsory, the attendance register shall be the initial screening tool and only bidders who appear on the register may be considered. Scrutiny of bid rates shall also be verified for possible over pricing by bidders.

The frequency of sitting of the bid evaluation committee shall be convened in accordance with the Project Procurement Plans and may not delay or prohibit the efficiency of procurement of goods/services. The evaluation report should reflect all details and issues considered during the evaluation of bids in support of the recommendations made.

(c) Adjudication of Bids and Appointments

The frequency of sitting of the bid adjudication committee meetings shall be convened in accordance with the Project Procurement Plans and may not delay or prohibit the efficiency of procurement of goods/ project services.

(d) Appointment of the Service Provider

The appointment of the service provider shall be made in accordance with the projected timelines as contained on the approved Project Procurement Plans. The Director of the relevant department shall ensure that:

- The appointment letter issued to service provider includes a clause requiring the service provider to meet all contractual obligations within 14 days of acceptance and before commencement of Works on site.
- For bids relating to the construction industry, the SCM Manager in consultation with the end-user department shall ensure that:

(i) All bids have been advertised in the CIDB itender System; and

(ii) Bids have been registered on the CIDB Register of Projects (rop) on award and progressively updated until project completion for the promotion, assessment and evaluation of best practices on construction projects as required by the prescripts of the Construction Industry Development Board (CIDB).

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(e) Initial Briefing of the Appointed Service Provider

The Supply Chain Management Office shall ensure that the initial briefing of all service providers invited to collect the appointment letter and to sign letter of offer & acceptance is briefed of all contractual

requirements to be met within 14 days prior the commencement on site. The shall get a chance to rectify any numerical errors on the Bill of Quantities or Pricing Scheduled and request adjustment/ balancing of rates without changing the contract amount before signing the acceptance. It is within the power of the service provider to decline the appointment of withdraw from the contract within 14 days of accepting the offer.

4. CONTRACT ADMNISTRATION AND PROJECT MANAGEMENT

4.1 Project Contractual Obligations

All appointed service providers shall be required to ensure that the following contractual obligation are met:

4.1.1 PROFFESSIONAL SERVIRCE PROVIDERS

Within 14 days after receiving the appointment letter and prior the commencement of any project activity, the following should be submitted to the municipality for approval:

Submission of the following for approval:

- A detailed Project Plan with cash-flow projections
- A Professional Indemnity Insurance valid for the period of the contract
- Organogram listing the project team and their cvs
- Signing of the Service Level Agreement (SLA)
- Appointment of a Social Facilitator at planning stage
- Appointment of a Health & Safety Consultant prior commencement of a contractor on site
- Submission of Scoping Report to DEDEAT (where applicable)
- Receipt of approval from DEDEAT (where applicable)
- Submission of Environmental Management Programme (where applicable)
- Receipt of approval from DME (where applicable)
- Other Normal & Additional Services

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4.1.2 CONSTRUCTION SERVICES

Within 14 days after receiving the appointment letter, the following should be submitted for approval by the municipality:

- A detailed Programme of Works with cash-flow projections
- A performance a Guarantee valid for a period of the contract
- A Public Liability and All Risk Insurance valid for the period of the contract
- A Health & Safety Plan
- A Quality Assurance Plan
- Organogram listing the Project Team (accompanied by their cvs)

Prior commencement of construction works with reference to the applicable General Conditions of Contract (Third Edition, 2015):

Development and submission for approval of the Occupational Health & Safety Plan
Appointment of a qualified Occupational Health & Safety Officer
Adherence to the requirement of the Occupational Health & Safety Act, 1993 in particular the Notification of commencement to the Department of Labor
Letter of Good Standing from the Compensation Commissioner
Any other requirements as detailed in the Tender document
Establishment on site subsequent to the approval of the above

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4.1.3 SERVICE LEVEL AGREEMENT AND CONTRACT DOCUMENT

A service level agreement and a contract document must:

- Be entered into all affected parties i.e. The municipality and the service provider prior commencement of services,
- Be drafted to meet the requirements of Section 116 of the Municipal Finance Management Act no.56 of 2003;
- Should clearly stipulate;

  - The Insurance of the Works on site during construction is liable to the contractor
  - The Insurance of the completed asset is liability of the municipality
  - The defects liability period for that particular project
  - The retention amount to be 10% of the contract amount
  - The latent defects liability period applicable to each project should be clearly stipulated
  - The applicable regulations and legislation should be clearly stipulated
  - Penalty clause / fee for non-performance should be stipulated

All the above form part of the Contract Data contained in the Contract document.

4.1.4 COMPILATION OF PROJECT DOCUMENTATION

The end-user department must ensure that:

The project plan submitted for approval by the appointed PSP clearly covers the following project deliverables:

- Drafting & finalization of a clear scope of work aligned to the budgeted project cost
- Drafting & finalization of design drawings
- Drafting & finalization of a credible design report
- Acquiring of permits for the utilization of borrow pits
- Acquiring wayleaves from the organs of state
- Acquiring all necessary environmental approvals for the project

Design reports & drawings shall be developed by the appointed PSP's in accordance with the Engineering norms & standards and should also be made of the specifications to be approved by the Bid Specification Committee.

4.1.5 SOCIAL FACILITATION AND LOCAL LABOR EMPLOYMENT

The municipality should ensure that there is oversight of projects and accountability to the communities that are being serviced in a form of the establishment of Project Steering Committee that are being serviced in a form of the establishment of Project Steering Committees through progress meetings and PSC meetings that are convened at least once a month.

The employment of the Community Liaison Officer is conducted by the ISD (Mnquma LM or service provider). The Project Steering Committee shall compile a list of local labor for employment on each project. This list is then utilized by contractor for employment of local labor and to create a resource plan for the project. The roles and responsibilities of a PSC and CLO in a project are outline in the Mnquma Local Municipality's adopted EPWP Phase 3 Policy. The local labor remuneration and duration of employment shall be stipulated in their employment contracts.

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4.1.6 PROCESSING OF PROJECT PAYMENTS

The Project Manager from the end-user department shall within 5 days of receipt of payments submitted by the Service Providers:

- Confirm the value created on the ground by inspection the scope of work completed, comparing the quantities measured against those reflected on the payment certificates, validate the certificate for payment,

- Ensure that the approved payment certificate has been forwarded to the relevant finance office for payment processing and make available a copy of the batch for the department filling.
- For MIG, the Project Manager shall also produce a Site Visit Report (MIG MIS form)
- Internal processing of capturing the payment request on the CRS (SEBATA) from approval by the SCM office before the payments are submitted to the relevant finance office.
- The Project Manager shall certify the tax invoice for work done submitted by the service provider for processing of payment by the relevant finance office

4.1.7 REPORTING, MONITORING & EVALUATION OF PROJECT PERFOMANCE

The Project Management Unit shall:

(a) On a monthly basis:

- Submit expenditure reconciliation of each project to the SCM office and Asset Management Office to the attention of Contracts Management Officer and Asset Management Officer to ensure that the following documents are updated accordingly:
  - Contracts register
  - Work in Progress Register, and
  - Infrastructure Asset Register if the project is finally complete
- Make available for filling progress reports detailing progress, expenditure to date, controls, and local labor employment.
- Make available for filling signed minutes of Project Steering Committee (PSC) and Technical meetings with attendance registers convened during the month for each project under implementation

Compile and submit to the Provincial Departments:

- MIG 6& 8 on a monthly basis to cogta
- MIG 9 reports upon completion of the project to cogta
- MIG quarterly reports within 30 days after the month of reporting
- MIG Annual report within 30 days after the end of the financial year
- A PMU Business Plan for the next financial year three months before the commencement of the next financial year to gogta
- Monthly progress reports to any other funding sources (DME and DSRAC)
- EPWP reporting (monthly financial reports within 10 days after the month of reporting, quarterly and annual non-financial reports within 30 days after the month of reporting and the end of the financial year, respectively)

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4.1.8 MANAGEMENT OF VARIATION ORDERS

(a) Monitoring of potential variations

The Project MANAGER shall:

- Continuously measure & process payment in accordance with the actual quantities delivered or completed,
- Monitor & measure the delivered/ completed quantities against the scheduled quantities
- Identify as early as possible any unforeseen work not covered within the project scope that may affect completion of the project or contract,
- Keep records of delays submitted by contractor that may have an impact on the financial claims

(b) Preparation of Variation Orders

The Project Manager shall upon identification of possible deviations on scheduled quantities or specifications:

- Examine the scope of work to be performed/ changed/replaced/omitted/added in order to determine if:
  - It is additional to the original scope of work and may not affect the completion of the original scope of work or operation of the project at completion
  - It is a result of poor planning or design flaw and the responsible Engineer shall be required to provide a report detailing the reasons and why it should qualify as a VO and solutions to address it with due diligence
  - May affect the completion of the project
- Determine the total costs of the proposed Variation Order and may not exceed 15% of the contract amount inclusive of taxes.
- Prepare a detailed report highlight the financial implication to the Project Costs, Duration, Scheduled Quantities and Specifications for the submission to the SCM office.

(c) Variation Order Authorization

The SCM Managers in consultation with Project Manager shall:

- Verify if the detailed report and supporting documentation can be classified as a variation order and the information is credible (authentic, reliable & complete).
- Submit the report to bid committees for evaluation, adjudication and recommendations to Accounting Officer only if the variation order amount combined with the awarded amount does not exceed the approved budgeted amount.

If the VO amount combined with the awarded amount exceeds the budgeted amount, then the Accounting Officer shall seek a Council Resolution for a budget adjustment prior submission of the report to bid committees for evaluation and adjudication.

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4.1.9 CLAIMS & DISPUTES

(a) CLAIMS

The Project Manager shall upon receiving claims from the contractor or professional service provider:

- Verify and evaluate each claim submitted by the contractor on the basis;
  - Particulars of the circumstance, event, act or omission giving rise to the claim
  - The length of the extension of time, if any, claimed and the basis of calculation thereof
  - The amount of money, if any, claimed on the basis of calculation thereof,

The Project Manager together with the SCM Contracts Management Officer, duly;

- Assess the extent and the validity of the claims submitted in terms of the Contract Data
- Shall record all the facts and circumstances additional to those recorded by the Contractor
- Shall give notice period to the contractor on the findings of the claim

(b) DISPUTES

The Project Manager and SCM practioner shall upon receiving a dispute notice or deliver a dispute notice;

- May refer the Dispute to the adjudication to receive an amicable settlement

4.1.10 APPLICATION OF PENALTIES

During the compilation of bid document for procurement of professional & construction services shall include a penalty clause for the service provider failing to complete the Works as per calendar day that elapses between the Due Completion Date and the actual date of Practical Completion under the Contract Data.

The penalty amount applicable per project shall be calculated in accordance with the provisions made on the SCM Policy guidelines.

5. PRACTICAL, COMPLETION AND FINAL APPROVAL OF CAPITAL PROJECTS

5.1 Snag-listing & Defects Liability Period

On Practical completion of the project, the Project Manager shall prepare:

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- A written list (snag list) setting out the Works to be completed by the Contractor, which must be issued within 14 days upon receipt of written request or indication from the Contractor for issuing a certificate of practical completion.
- Upon completion of the works contained in the written list, the PSP or the Project Manager must issue a certificate of Practical Completion with a further written list setting out works to be completed to justify Completion of Works.
- On completion of the work contained on the "further' written list, issue to the contractor a Certificate of Completion with;
    - Defects Liability period commencement
    - Release of performance guarantee
    - Insurance of Works shall cease

A final inspection shall be performed prior the expiry date of the expiry date of the defects liability period. The project shall be deemed as finally complete once all defects identified during the defects liability period has been attended to and signed off.

5.2 Release of the Retention Amount

The 50% of the retention (5% of the contract amount) shall be released after issuing of the Completion Certificate. The remaining 50% shall be released after the defects liability period when the defects if any have been attended to and signed off.

5.3 Close-out reporting

On the final completion of the project, the PSP responsible for the management of the project shall within 5 days after issuing the Final Approval Certificate to the Contractor, prepare for approval electronic and hard copies of the following documentation:

As built drawings,
Operations and Maintenance Manuals with realistic projected cash flows,
Infrastructure Asset Register Additions Sheets,
A Close-out reporting the project status, deliverables and lessons learned in the project.

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ANNEXURES

1. VO SHEET
2. PRACTICAL COMPLETION TEMPLATE
3. COMPLETION CERTIFICATE TEMPLATE

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IGNATURE ..... DATE.....

IAME .....

MNQUMA	CONTRACT ADMINISTRATION APPLICABLE TO GCC 2015 3rd EDITION PRACTICAL COMPLETION CERTIFICATE	COMPANY LOGO

EMPLOYER : Mnquma Local Municipality
POSTAL ADDRESS :
CONTRACTOR :
POSTAL ADDRESS :

CONTRACT DESCRIPTION: Construction of … Access Road

CONTRACT NUMBER: MNQ/SCM/00/24-25

In accordance with Clause 5.14.1 of the general conditions of contract (GCC), the ENGINEER/PROJECT MANAGER hereby CERTIFIES that the contractual works described under (1) below have been inspected by her and are deemed PRACTICALLY COMPLETED to a stage which allows the said works for the intended purpose without danger or undue inconvenience. In order to justify the issue of a Certificate of Completion, the incomplete Work stated under (2) below shall be completed.

In accordance with Clause 5.13.1 of the GCC the contractor is exempted from this liability in respect of the penalty of delay from the date of practical completion stated above.

(1) WORK PRACTICALY COMPLETE: Earthworks associated with horizontal and vertical alignment for whole length, Provision of associated storm water drainage facilities, Provision of erosion protections, Provision of new gravel wearing course and permanent road signs.

(2) INCOMPLETE WORKS (In terms of Clause 5.14.2 of GCC the Project Manager required the Contractor to complete the following works to justify the issuing of Certificate of Completion):

CERTIFIED BY ENGINEER/PROJECT MANAGER:

SIGNATURE .....
DATE.....

NAME .....

CONTRACTOR:

SIGNATURE .....
DATE.....

NAME .....

FOR AND ON BEHALF OF THE COMMUNITY (PSC CHAIRPERSON/WARD COUNCILLOR):

SIGNATURE .....
DATE.....

NAME .....

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MNQUMA LOCAL MUNICIPALITY	CONTRACT ADMINISTRATION Applicable to GCC 2015 3rd Edition COMPLETION CERTIFICATE	

EMPLOYER : Mnquma Local Municipality
POSTAL ADDRESS :
CONTRACTOR :
POSTAL ADDRESS :

CONTRACT DESCRIPTION: CONSTRUCTION OF ... ACCESS ROAD
CONTRACT NUMBER: MNQ/SCM/00/24-25

DESCRIPTION OF WORKS THAT ACHIEVED COMPLETION: 7.40 km of gravel road, Earthworks associated with horizontal and vertical alignment for the whole length, Provision of associated storm water drainage facilities such as 600 mm diameter concrete pipe crossings, inlet and outlet structures, stone drift drains and stone pitching, Provision of erosion protections, Provision of new gravel wearing course and Erection of Permanent Road signs.

In accordance with Clause 5.14.4 of the general conditions of contract (GCC 2015 3rd Edition), the PROJECT MANAGER hereby CERTIFIES that the contractual works specified above have been inspected by the Engineer and are deemed COMPLETE for its intended purpose without danger or undue inconvenience and in conformity with the provisions of the above named contract and have satisfactorily passed the required tests.

As specified under clause 5.14.5.2 and Contract Data, the Defects Liability Period shall commence on the .....and last for a period of Six (6) months

CERTIFIED BY ENGINEER/PROJECT MANAGER:

SIGNATURE .....
DATE.....

NAME .....

CONTRACTOR:

SIGNATURE .....
DATE.....

NAME .....

FOR AND ON BEHALF OF THE COMMUNITY (PSC CHAIRPERSON/WARD COUNCILLOR):

SIGNATURE .....
DATE.....

NAME .....

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PROJECT NAME

Contract No	: MNQ/SCM/XX/XX-XX	Contractor	: XXXXXX
Contract Description	: XXXXX		
Variation No.	: 1 (One)		
Description	: Request to use Contingency Amount		
Original Contract Value (CV)	: RXXXXX		

1. Reason for request of funds: Additional Work [ ] Design Change [ ] Specification Change [ ]
   Prime cost item [ ] Provisional sum [ ] Ommitted Work [ ]
2. Requested by: XXXXXX Date Requested: xxxxx
3. Description And Motivation : **Reference is made to consultations we had with the Employer where additional work was identified but was not part of the scheduled scope of works. An instruction was issued to the Contractor to submit for consideration and approval, the cost to execute the works identified,**
4. The rates reflected in the cost breakdown are deemed to be fair and reasonable and NO fruitless expenditure is involved.
5. This request **will not** affect the Contract Awarded Value. Refer to the ***Cost Breakdown*** as depicted below.

THE ABOVE WILL NECESSITATE THE FOLLOWING:

ITEM	DESCRIPTION	UNIT	QUANTITY	RATE	AMOUNT
	ADDITIONS:				
1	Hacking of existing plaster and supply new plaster on walls	m^2			R -
2	Supply new plaster on hacked walls	m^2			R -
					R -
	OMMISSIONS:				
	Contingency	Item			R -
	The above rates exclude VAT				R -

This expenditure will be funded from:

Savings on scheduled work [ ] Contingencies Allowed [X] Additional funds requested [ ]

Issued by:	**Accepted by:**	**Approved by:**
xxxxx	Mnquma Local Municipality	Mnquma Local Municipality
Director	Manager	Director
Date:	Date	Date:

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