

TENDER DOCUMENT

**SPECIALIST RISK
ADVISORY SERVICE**

CONTRACT: RISK 1/2011



INTERNAL AUDIT AND RISK MANAGEMENT SERVICES

221 ANTON LEMBEDE STREET

DURBAN, 4001

P.O. BOX 828, DURBAN, 4000

REQUEST FOR PROPOSALS:

RISK MANAGEMENT SPECIALIST ADVISORY SERVICE

1. Introduction

eThekweni Municipality in its efforts to minimise negative outcomes and optimize opportunities, has adopted Enterprise Risk Management (ERM) policy framework and strategy to form an integral part of its strategic management. Through this process the entire municipality is subjected to the risk management strategy.

The municipality has also established an in-house Risk Management & Advisory Services section under the leadership and guidance of the Deputy Head: Risk Management & Advisory Services being the Chief Risk Officer. The Risk Management section is located within the Internal Audit Unit. This section is responsible for supporting the Accounting Officer, Management and staff with a complete risk management services.

In addition, the municipality has a fully functional Audit and Risk Committee consisting only of external members, which forms an integral part of its risk governance. Management further established a Risk Management Committee with City Manager being the Chairperson. Furthermore, the municipality procured risk management software (Cura) to support its management and reporting. Due to the width and depth of the scope of risk management activities and the limited in-house resources, the municipality has identified a need to enhance its approach to achieving and maintaining full risk management maturity level over a period of time.

Accordingly, the municipality is looking to appoint a specialist risk management service provider or individual professional on a contract basis to support the above initiatives. It is envisaged that the contract will run over 36 months (3 years).

Section 62(1) (c) of the MFMA, Act no 56 of 2003 dictates that the accounting officer must ensure that eThekweni Municipality has and maintains an effective, efficient and transparent system of financial and risk management. Furthermore best practice in corporate governance requires organizations to ensure that they have a fully functional risk management practices. The municipality's IDP outlines various

objectives for the municipality to achieve good corporate governance. The municipality therefore, amongst others adopted ERM on the understanding that the realization of the Integrated Development Plan depends partly on the ability to take calculated risks in a way that maximizes the benefits to its stakeholders without jeopardizing their interest.

Program 6 of Plan 7 in the municipal IDP specifically requires that the municipality creates a clean and accountable organization. Within this program the municipality intends to ensure that the process of risk management is designed, implemented, monitored and integrated into day –to-day activities of the municipality.

While risk management remains the primary responsibility of line management, due consideration of the size of the organization coupled by the complexity of local government environment make it appropriate to appoint risk experts to assist on specific and complex assignments of risk management. The risk advisory specialist will assist the municipality’s risk management committee by providing specialist advice and expertise where necessary. This assignment will also include undertaking certain specific risk assessments where necessary.

The task will require provision of expert risk management advisory over a period 15 March 2011– 15 March 2014.

2. Service provider requirements

The required specialist/service provider must have adequate capacity and experience to support and augment the current in-house resources. Accordingly, the main objectives of the required specialist/service provider will be to partner with the in-house resources to ensure the implementation of a comprehensive and integrated risk management program in order to achieve effective risk management within the municipality.

The scope of risk management services to be provided will include but not limited to the following:

- a) Provide professional guidance and support to the Risk Management Committee.
- b) Support and guide setting of risk appetite/ tolerances for different types of risk categories.
- c) Review the risk management methodology adopted by Council to ensure it is in line with the appropriate standards and best practice.
- d) Support in forming the basis of a “think risk” culture capable of managing risks proactively.

- e) Analyze and form opinion on the entire municipal risk environment and processes, propose appropriate actions and prepare reports to Audit Committee and Executive Committee.
- f) Provide any other Risk Management support and specialist risk assessments as may be required from time to time.

The Specialist Risk Advisor is expected to meet the following criteria:

- a) The Specialist Risk Advisor must be registered with the relevant statutory Council and have adequate experience in Enterprise Risk Management. Any other fields of experience relevant to this function must also be included in the proposal. International exposure in the field will be an added advantage.
- b) The Specialist Risk Advisor must be able to provide a charge out rate per hour. A separate schedule showing rates for each resource that will be allocated to the project must be completed and submitted together with the proposal.
- c) The Specialist Risk Advisor must display an insight into local government legislation and the successful service providers must be specifically au-fait with the MFMA No 56, 2003 and Supply Chain Regulations.
- d) The Specialist Risk Advisor must display diverse expertise in the field of risk management. These will include broad Strategic, HR, Finance, Supply Chain, IT, Fraud, Project, Compliance, SHEQ and global risks that impact local government.
- e) The Specialist Risk Advisor may be required to attend Audit and Risk Committee meetings and make presentations to the Committee and Council as and when necessary.
- f) Each proposal must submit together with tender documents the CV of the key personnel allocated to the project as well as names, qualifications and experience of all other staff members who will be assigned to this project.
- g) Each proposal must submit together with tender documents the methodology in providing specific services stated in the project objectives.
- h) All work undertaken must be conducted in a confidential manner and reported directly to the Deputy Head: Risk Management and Advisory or the Deputy Heads' duly appointed representative. The reporting timeframe will be communicated at the commencement of each assignment.
- i) The Specialist Risk Advisor may not perform any audit work within the municipality during the term of the contract.

- j) Risk Specialist Advisor must have relevant capacity to benchmark the municipality's risk exposure and possess relevant risk analytic tools to ensure timely and cost effective responses to risk areas. This is essential due to the municipality's requirement to ensure that public funds are efficiently and effectively spent. All key performance indicators (KPIs) relating to the risk management process, advise provided and assignments undertaken are required to be submitted to the municipality for reporting purposes to evaluate the impact of the risk management advisory on the municipality's control environment

3. Key activities

- a) Attend regular meetings and risk assessments with the Municipality's Risk Management in order to provide support, expert knowledge and reports where appropriate.
- b) Submit all reports and risk registers in a succinct professional format. The requirements for reports include supporting the risk management section in quarterly and annual reporting as well as documenting best practice risk management practices of the municipality.
- c) Review analysis of high impact risks undertaken by the municipality and ensure adequacy relevance and cost-effectiveness of mitigations.
- d) Review specific and specialised risk assessments undertaken by the municipality to ensure their appropriateness.
- e) Perform specific and specialised risk assessments as may be required by the Risk Management Committee from time to time.
- g) Provide support in the annual review of the municipality's ERM framework, including Fraud Risk and Compliance framework.

4. Timelines

This contract will be effective for 36 months from 1 April 2011- 31 March 2014.

5. Reports

Reports will be provided based on the specific requirement and/ or assignment as follows

- a) Risk Advisory provided impromptu at the meetings should be received in writing 2 days after the meeting
- b) Draft assessment reports will be provided 5 days after the assessment is finalised.
- c) Quarterly and Annual reports will be provided two weeks after the end of the financial year

6. Copyright

The ownership of rights of copyright in all documentation produced by you in the course of this commission shall vest with the eThekweni Municipality.

7. Confidentially

All parties shall:

- a) Treat as strictly confidential and secret any and all information given or made known to them during the contract period. This information relates to, inter alia, proprietary information, technical knowledge, experience, specimens and data of a secret and confidential nature pertaining to the proposal;
- b) Keep all such information obtained confidential and secret towards third parties and only use it in co-operation with each other for the purpose expressly agreed upon by parties and to disclose same to their employees only on the basis of the need to know;
- c) Accept responsibility for the observance of the confidentiality and secrecy undertaking contained in this agreement by their employees;
- d) Cause all of their employees who are directly or indirectly given access to the said confidentiality and secret information to execute secrecy undertakings in a form acceptable to the parties in order to protect the parties against the unauthorized disclosure of such information to any third party and to fully co-operate in the enforcement of such secrecy undertakings.

8. Communication Activities, Approval and Ownership rights

Presentations: Consultants must seek approval from Deputy Head: Risk Management and Advisory to present project and/or research findings. All presentations pertaining to a project and/or assessment conducted are subject to the approval of Deputy Head: Risk Management and Advisory, eThekweni Municipality.

Websites: Information pertaining to eThekwini risks and mitigations may not be used on personal or business websites without prior approval from the Deputy Head: Risk Management and Advisory Department.

Media Releases or articles: All media releases and feature articles pertaining to a project and/or assessment conducted by the consultant is subject to the approval of Deputy Head: Risk Management and Advisory, eThekwini Municipality.

9. Documentation:

It is required that the following documentation (see below) is provided to the Risk Management and Advisory Department at the end of each financial year. Please ensure that the necessary information is provided in the template to be designed and agreed upon between Risk Management and Advisory Department and the appointed consultant:

- a) Registers for assessments undertaken in the year using Cura system
- b) Record of meetings attended and nature of advisory service rendered
- c) Presentations
- d) Annual assessment of the state of risk management in the municipality (This report will include enterprise wide, compliance and fraud risks)

10. Concluding remarks

The appointment is for a period of 36 month. The ultimate aim of the appointment is to support efforts by eThekwini Municipality that will, in a resource efficient manner, reduce the risks that may hinder the municipality from achieving its objectives and also maximise opportunities as they arise from time to time. The successful service provider will at the end of each financial year submit a final report documenting various proposals made to the municipality and the quantitative and qualitative impact of those proposals in mitigating the risks. This final deliverable will allow the Municipality to assess and if necessary reprioritise its requirement for the specific risk advisory service rendered.

The project outcomes should be in line with the Municipality's existing Enterprise Risk Management Framework as well as with the 2011-2016 Integrated Development Plan (IDP). The IDP, as the Municipality's central planning guide, must be taken into account.

The final written reports should be capable of informing the municipality's decision making processes with regard to the state of risk management in the municipality. This is considered essential due to the often rapidly changing risks in the local government environment as well as the need for eThekweni to contribute to and lead the continuous identification and successfully implementing mitigations that impede service delivery in general.

11. Compulsory Documents

Please include the following documents in your submission:

- a) Proposal
- b) Form of offer (attached)
- c) Valid tax clearance certificate.
- d) Declaration of Interest (attached)
 - All submissions are to include a completed and signed declaration of interest form.
- e) Declaration of Municipal fees (attached)
 - All applicants are to complete and sign the attached declaration wherein which they declare that their municipal fees are in order, or proper arrangements have been made with the Municipality, and include the relevant account numbers in the declaration.
- f) Supplier Database Accreditation Application forms (attached)
- g) Certificate of Independent Bid Determination

12. Minimum Criteria

Service providers must be able to meet the following to criteria in order to be considered:

- a) Service provider is registered with the relevant statutory Council (IIA or IRMSA)
- b) A minimum of at least ten years demonstrated experience and proven track record in Enterprise Risk Management. Any other fields of experience relevant to this function must also be included in the proposal.
- c) International exposure in the field will be an added advantage.

- d) Confirmation from trade references that all work referred to as demonstrated experience and track record was performed satisfactorily.
- e) Specialist Risk Advisors will be required to provide a charge out rate per hour for each resource that will be allocated to the project.
- f) Specialist Risk Advisors must display an insight into local government legislation and the successful service providers must be specifically au-fait with the MFMA No 51, of 2003 and Supply Chain Regulations.
- g) Each proposal must specify the methodology in providing specific services stated in the project objectives
- h) Suitably qualified staff on the tender documents with names, qualifications and experience of the risk specialist allocated to the project and all staff who will be assigned to this project.
- i) Specialist Risk Advisors may not perform any audit work within the municipality during the term of the contract.

13. Submission of Proposals

Sealed proposals (including all required documentation) are to be placed in the Tender Box, Ground Floor, City Engineers Building, 166 KE Masinga Road (formerly Old Fort Road) Durban **by 11am, on 13 April 2011.**

Compulsory briefing will be held on the 28th April 2011 at 251 Anton Lembede Street (formerly Smith Street), 1st floor Florence Mkhize Building, Beachwood Room.

14. The Adjudication Process

The specification has been compiled in accordance with national and international best practice and specifications. Quality and functionality are included in this bid as criteria, and will be assessed in terms of the evaluation criteria detailed below. Any bid which fails to meet the minimum threshold, of 70 out of 100 points, for functionality will be disqualified. Thereafter, only qualifying bids will be evaluated in terms of the 90/10 preference points system where 90 points is used for price only and 10 points are used for HDI ownership and/or achieving the prescribed RDP goals.

The adjudication of this Request for Proposal will be in terms of the criteria presented below, and be in compliance with the scope, purpose and methodology of the intervention.

15. Functionality assessment: (Quality must score a minimum of 70%)

- a) The prompts for judgements provided to the tender-evaluation panel are framed around those provided in table below. The making known of the prompts for judgement to prospective tenderers allows tenderers or repondents to focus their submissions The prompts for judgements provided to the tender-evaluation panel should be framed around those provided in the table below. The making known of the prompts for judgement to prospective tenderers allows tenderers or repondents to focus their submissions.
- b) The minimum threshold of this functionality assessment is 70 out of 100 points based on the weighted average score. Any bid which fails to meet this minimum threshold will be disqualified.
- c) Score weighting is shown in brackets.
- d) See table below

Table

QUALITY CRITERIA	SUB CRITERIA	INDICATORS			
		Poor (Score 40%)	Satisfactory (Score 70%)	Good (Score 90%)	Very good (Score 100%)
RESPONSE TO BRIEF (30)	level of understanding (20)	The proposal shows limited understanding of the business, has not adequately dealt with the key challenges	The opportunity is well understood, clearly articulated and key business sectors are adequately addressed. The proposal reflects necessary concepts but has insufficient detail for it to be distinctive.	The proposal clearly demonstrates an understanding of the programme's vision All key business criteria are identified and adequately addressed.	A unique proposal that is strongly aligned to and identifiable with the programme. It identifies and deals well with all the business plan criteria, and has the potential to leave a broader legacy
	proposed methodology (10)	The proposal does not address many of the criteria identified in the brief. The methodology is weak in important areas and is unlikely to meet the programme requirements.	The proposal meets most of the criteria listed in the brief. The proposed methodology is in line with standard practice, covers the key aspects and should meet the programme requirements.	The proposal meets all the criteria listed in the brief. The proposed methodology is detailed and well conceived, has made allowance for key aspects and risk areas. It meets programme requirements.	Besides the good rating, the methodology is innovative and is likely to yield legacy benefits for the programme.
EXPERTISE & EXPERIENCE (40)	Tenderer's experience with similar projects (20)	The tenderer has limited experience in projects of a similar nature and has not undertaken a project of this magnitude	The tenderer has relevant experience in projects of a similar nature but has not directly undertaken a project of this magnitude	The tenderer has extensive experience in projects of a similar nature, and has directly undertaken similar projects	The tenderer has outstanding experience in projects of a similar nature and has taken many such projects
	Experience of key staff (20)	Key personnel allocated to the project have limited relevant experience	Key personnel allocated to the project have reasonable relevant experience	Key personnel allocated to the project have extensive relevant experience	Key personnel allocated to the project have outstanding relevant experience
FINANCIAL (10)		The tenderer did not provide proof of adequate financial resources	The tenderer provided proof of financial resources which are adequate for the contract	The tenderer provided proof of financial resources which are in excess of what is required for the contract	The tenderer provided proof of financial resources which are well in excess of what is required for the contract
CAPACITY & CAPABILITY (20)	Operational plan and resources (10)	Operational plan is sketchy; there is no clarity in terms of rates and/or resources.	Operational plan is complete & reasonably detailed. Rates and resources appear adequate.	Besides meeting "satisfactory" rates and resources have been clearly defined and make provision for key risk areas	Besides meeting the "good" rating, the plan makes provision for every eventuality
	Analytic tools, models and back-up resources (10)	The required analytic tools and models are not immediately available and/or there are limited back-up resources.	The required analytic tools and models are generally of a hired source and there are acceptable levels of back-up resources.	The required analytic tools and models are generally owned, immediately available, and there are sufficient back-up resources.	The required analytic tools and models are generally owned and immediately available and there are excellent back-up resources.

90/10 Preference Points evaluation:

Criterion	Weighting
Price	90 points
Empowerment	10 points
Total	100 points

16. Further Enquiries

Further enquiries can be made to Sharmla Lutchmanan of Audit and Risk Unit on Tel: 031 311 3075 or e-mail: luthmanans@durban.gov.za

The general conditions of contract are:

‘Government Procurement: General Conditions of Contract July 2010’available from www.treasury.gov.za



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PLEASE ATTACH TO TENDER SUBMISSION

FORM OF OFFER

In response to your enquiry (Risk 1/2001) dated _____ I/we hereby offer to supply the services in accordance with the Specification, and subject to the Standard Conditions of Tender and Contract, and Special Conditions of Tender and Contract which accompanied your Enquiry (Risk 1/2011) with which I/we acknowledge myself/ourselves to be fully acquainted) at the rate/s stated in the appropriate column as per schedule below.

Name of Employee	Rank/Position	No of years experience in ERM	International Experience Yes/No	Rate per hour

Bidding Company: _____

Name: _____

Signed: _____

Date: _____

Capacity of Signatory: _____

***FAILURE TO COMPLETE, SIGN AND RETURN THIS FORM WILL
INVALIDATE THE OFFER***



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PLEASE ATTACH TO TENDER SUBMISSION

DECLARATION OF MUNICIPAL FEES

I/We do hereby declare that the Municipal fees of the Company _____, are, as of the date of the tender closing, fully paid up, or arrangements have been concluded with the Municipality to pay the said fees (Please complete the table below:

Account	Account Number
Electricity	
Water	
Rates	
JSB levies	
Other	

I/We acknowledge that should it be found that the Municipal fees are not up to date, the Council may take such remedial action as is required, including termination of contract, and any income due to the contractor shall be utilised to offset any monies to the Council.

Name: _____

Signature: _____

Designation: _____

Date: _____



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PLEASE ATTACH TO TENDER SUBMISSION

DECLARATION OF INTEREST

1. No bid will be accepted from person in the service of the state ¹.
2. Any person, having a kinship with persons in the service of the state ¹, including a blood relationship, may make an offer or offers in terms to this invitation to bid. In view of possible allegations of favouritism, should the resulting bid, or part thereof, be awarded to persons connected with or related to persons in service of the state ¹, it is required that the bidder or their authorised representative declare their position in relation to the evaluating/adjudicating authority and /or take an oath declaring his/her interest.
3. **In order to give effect to the above, the following questionnaire must be completed and submitted with the bid.**

3.1. Full name: _____

3.2. Identity number: _____

3.3. Company registration number: _____

3.4. Tax Reference number: _____

3.5. VAT Registration number: _____

3.6. Are you presently in the service of the state ¹? YES NO

3.6.1.If so, furnish particulars: _____

3.7. Have you been in the service of the state ¹ in the past twelve months? € YES € NO

3.7.1.If so, furnish particulars: _____

3.8. Do you have any relationship (family, friend, other) with persons in the service of the state ¹ and who may be involved with the evaluation and or adjudication of this bid? € YES € NO

3.8.1.If so, furnish particulars: _____

3.9. Are you aware of any relationship (family, friend, other) between a bidder and any persons in the service of the state ¹ and who may be involved with the evaluation and or adjudication of this bid? € YES € NO

3.9.1.If so, furnish particulars: _____

3.10. Are any of the company's directors, managers, principle shareholders or stakeholders in the service of the state ¹? € YES € NO

3.10.1. If so, furnish particulars: _____

3.11. Is any spouse, child or parent of the company's directors, managers, principle shareholders or stakeholders in the service of the state ¹? € YES € NO

3.11.1. If so, furnish particulars: _____

I, the undersigned (name) _____
certify that the information furnished on this declaration from is correct. I accept that the state may act
against me should this declaration prove false.

Name: _____

Signature: _____

Designation: _____

Date: _____

¹MSCM Regulations: "in the service of the state" means to be –

- a) A member of
 - i. Any municipal council;
 - ii. Any provincial legislature; or
 - iii. The national Assembly or the national Council of Provinces;
- b) A member of the board of directors of any municipal entity
- c) An official of any municipality or municipal entity;
- d) An employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999(Act no. 1 of 1999);
- e) A member of the accounting authority of any national or provincial public entity; or
- f) An employee of Parliament or a provincial legislature



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CODE OF CONDUCT

Applicable to the Procurement of Goods, Services, Engineering and Construction Works

1. INTRODUCTION

Section 217.(1) of the Constitution of the Republic of South Africa reads as follows:

When an organ of state in the national, provincial or local sphere of governments, or any other institution identified in national legislation contracts for goods or services, it must do so in accordance

It goes without saying that, in addition to the foregoing requirements, it is essential that the procurement of goods and services, including engineering and construction works as well as disposal of assets, by eThekweni Municipality should not be affected, or tainted by illegal action or default at any stage of the process by any party involved.

The foregoing serves to establish the broad framework within which an action or default by any party to the procurement process should be judged. Any action or default which conflicts with the objectives of section 217.(1) of the Constitution or which is illegal is unacceptable.

A party to the procurement process who wittingly commits an unacceptable action or default renders itself liable to the appropriate sanction or even in the case of an illegal action or default to prosecution.

This document contains general principles to be followed and examples of actions or defaults by parties to the public procurement process which are acceptable. The lists of examples are however not exhaustive and each party must itself assess whether an action or default would be unacceptable in the light of section 217.(1) of the Constitution or be illegal.

In addition, Municipal Supply Chain Management regulation 46(4) states that the Supply Chain Management Policy of a municipality has to take into account the National Treasury's code of conduct for Supply chain Management practitioners and other role players. Alternatively a municipality may adopt the National Treasury's code of conduct. When adopted, this code of conduct becomes binding on all officials and other role players involved in the implementation of the Supply Chain Management policy of the municipality or municipal entity.

2. CORPORATE GOOD PRACTICE

2.1 General Principles

- 2.1.1** The municipality commits itself to a policy of fair dealing and integrity in the conduction of its business. Officials and other role players involved in supply chain management (SCM) are in a position of trust, implying a duty to act in the public interest. Officials and other role players should not perform their does to unlawfully gain any from of compensation, payment and or gratuities from any person, or provider/contractor for themselves, their family or their friends.
- 2.1.2** Officials and other role players involved in SCM should ensure that they perfrom their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resourcdes are administered responsibly.
- 2.1.3** Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual.

2.2 Conflict of Interest

- 2.2.1** An official or other role player involved with supply chain management –
- (a) must treat all providers and potential providers equitably;
 - (b) may not use his or her position for private gain or to improperly benefit another person;
 - (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
 - (d) must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
 - (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by the municipality;
 - (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
 - (g) must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;
 - (h) should not place him/herself under any financial or other financial obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and
 - (i) should not take improper advantage of their previous office after leaving their official position.

2.3 Accountability

- 2.3.1** Practitioners are accountable for their decisions and actions to the public.
- 2.3.2** Practitioners should use public property scrupulously
- 2.3.3** Only accounting officers or their delegates have the authority to commit the municipality to any transaction for the procurement of goods and/or services.
- 2.3.4** All transactions conducted by a practitioner should be recorded and accounted for in an

appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.

- 2.3.5 Practitioners must assist the accounting officer in combating fraud, corruption, favouritism, and unfair and irregular practices in the supply chain management system.
- 2.3.6 Practitioners must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including:
- (a) any alleged fraud, corruption, favouritism or unfair conduct;
 - (b) any alleged contravention of the policy on inducements, rewards, gifts and favours to municipalities or municipal entities, officials or other role players and
 - (c) any alleged breach of this code of conduct.