

DEPARTMENT OF HUMAN SETTLEMENTS

**ADDENDUM TO
SUPPLY CHAIN MANAGEMENT POLICY**

2021

Produced by:

Directorate: Supply Chain Management

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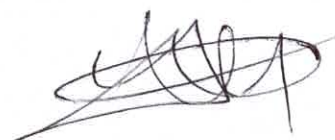
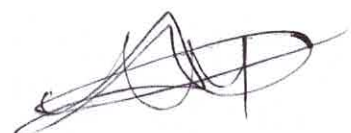
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ABBREVIATIONS

ABBREVIATION	FULL DESCRIPTION
AO	Accounting Officer
CC	Cubic Capacity
CIDB	Construction Industry Development Board
CSD	Centralised Supplier Database
DBAC	Departmental Bid Adjudication Committee
DBEC	Departmental Bid Evaluation Committee
DPSA	Department of Public Service and Administration
HOD	Head of Department
ISBN	International Standard Book Number
KM	Kilometer
MEC	Member of the Executive Council
NHBRC	National Home Builders Registration Council
NWHS	North West Department of Human Settlements
PFMA	Public Finance Management Act, Act 1 of 1999
SCM	Supply Chain Management
VAT	Value Added Tax

DEFINITIONS

Concept	Definition
Quote/quotation	A formal statement setting out setting out the estimated cost for a particular service or goods.
Calendar days	Days accounted in terms of the calendar.
Department	Department refers to the Provincial Department of Human Settlements.
External meetings	Any meeting held outside the Department with external stakeholders.
Normal departmental meetings	Normal departmental meetings refers to meetings that are convened on daily, weekly, monthly, or on a frequent basis, which are attended by officials within the Department, for example, management meetings, performance reviews, committee's meetings, and unit/staff meetings.
Province	Province refers to the North West Province.
Working days	Days counted in terms of the work-days of a week, i.e. Monday to Friday.

1. INTRODUCTION

The Accounting Officer is responsible for the effective, efficient, economical and transparent use of resources of the Department as per Section 38(1)(b) of the Public Finance Management Act, Act 1 of 1999, as amended; and Section (1)(c) further requires the Accounting Officer to take effective and appropriate steps to prevent wasteful or fruitless expenditure.

The Head of Department approved the Supply Chain Management Policy for the Department of Human Settlements on 15 April 2021. Certain aspects of acquisition management have been omitted in the Supply Chain Management Policy, hence the need to add an addendum to the initial policy that was approved. Acquisition management provides guidance on how goods, services and assets should be procured, leased or hired from the market place. This Addendum should therefore be read in conjunction with the approved Supply Chain Management Policy dated 15 April 2021.

2. PURPOSE OF THE ADDENDUM

The purpose of this Addendum is to ensure that:

- 2.1. goods and services are procured by the Department in accordance with authorised processes only;
- 2.2. expenditure for goods and services are incurred in terms of an approved budget;
- 2.3. the threshold values for the different procurement processes are complied with;
- 2.4. all procurement must be in line with the approved Procurement Plan;
- 2.5. all procurement must be in line with the approved delegations of the Department;



- 2.6. service providers must be selected from the Central Supplier Database (CSD) on a rotational basis; and
- 2.7. all approvals that must be approved by the Head of Department or Member of the Executive Council must be in writing.

The risk of not complying with this Addendum in conjunction with the approved Supply Chain Management Policy and relevant legislative and policy frameworks ultimately bears negative consequences to the detriment of the Department which could result in fruitless and wasteful expenditure, even litigation against the Department. Therefore, the risks needs to be managed and the responsibility thereof lies with the accountable officials.

3. SCOPE OF APPLICATION

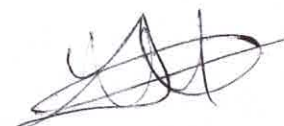
The Addendum to the Supply Chain Management Policy applies to services and goods that are procured and acquired in the line of duty and service delivery and is therefore applicable to all employees of the Department.

4. OBJECTIVES OF THE ADDENDUM

The main objective of Addendum to the Supply Chain Management Policy is to ensure that the Department and its employees comply with all the relevant legislative policies and prescripts regarding the procurement and acquisition of goods and services in order to delivery services.

5. DELIVERABLES OF THE ADDENDUM

5.1. Catering



- 5.1.1. No catering will be provided for normal departmental meetings during normal working hours; except for event in the meeting exceeds four (4) hours or extends beyond lunchtime, for which the following shall apply:
- 5.1.1.1. Approval must be sought from the Head of Department.
 - 5.1.1.2. The maximum amount for this type of catering should not exceed two hundred Rand (R200.00) inclusive of a soft drink per person per day.
 - 5.1.1.3. Bottled water should be charged separately to a maximum of two (2) bottles of five-hundred milliliters (500 ml) water per person.
- 5.1.2. For external meetings, the following shall apply:
- 5.1.2.1. If breakfast is required, the maximum amount or one-hundred and twenty Rand (R120.00) per person per day should not be exceeded.
 - 5.1.2.2. If the meeting exceeds four (4) hours or beyond lunchtime, the maximum amount for this type of catering should not exceed two hundred Rand (R200.00) inclusive of a soft drink per person per day.
 - 5.1.2.3. Bottled water should be charged separately to a maximum of two (2) bottles of five-hundred milliliters (500 ml) water per person.

5.2. Workshops, conferences, symposia, seminars, and meetings outside the Province

- 5.2.1. All international workshops, conferences, symposia, seminar, and meetings conferences beyond the borders of South Africa must be approved by the Members of the Executive Council in consultation with the Premier.
- 5.2.2. All officials attending workshops, conferences, symposia, seminars, and meetings outside the Province should be limited to a maximum of two (2)



officials per unit; when more than two (2) officials are required to attend, approval should be sought from the Head of Department.

5.3. Groceries

5.3.1. Senior Management Services groceries is limited to the following per month:

5.3.1.1. Head of Department: R2000.00 (i.e. R24,000.00 per annum).

5.3.1.2. Chief Director: R800.00 (i.e. R9,600.00 per annum).

5.3.1.3. Director: R400.00 (i.e. R4,800.00 per annum)

5.3.2. These limits includes bottled water.

5.4. Travel agencies

5.4.1. Where there is a need to utilise travel agencies, the mark-up charged must not exceed thirty percent (30%).

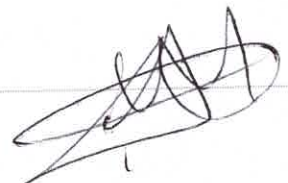
5.4.2. Proof of hotel charges must accompany the voucher to ascertain that not more than thirty percent (30%) mark-up was charged.

5.5. Printing and promotional material

5.5.1. Printing should be limited to official government-printed documents, for example Batho Pele and other legislation related posters, registers, Annual Performance Plans, and documentation which require a registered and ISBN (International Standard Book Number).

5.5.2. No corporate gifts should be purchased unless approved by the Head of Department.

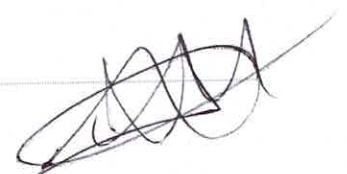
5.6. Venues and facilities



- 5.6.1. The option of using government facilities should always be explored first before considering the use of external venues.

5.7. Accommodation

- 5.7.1. The following limits shall apply to different levels of employees in the Department:
- 5.7.1.1. Head of Department: four (4) star graded hotels or guesthouses limited to two thousand Rand (R2000.00) per person per night, inclusive of VAT (Value Added Tax). This amount is including breakfast, but excluding dinner; dinner is charged optional and additional. Dinner is R250.00 per person per night.
 - 5.7.1.2. All other employees: three (3) star graded hotels or guesthouses limited one thousand five hundred Rand (R1500.00) per person per night, inclusive of VAT (Value Added Tax). This amount is including breakfast, but excluding dinner; dinner is charged optional and additional. Dinner is R250.00 per person per night.
 - 5.7.1.3. If an establishment is graded higher than what is allowable for HOD or all other employees, but still within the allowable amounts applicable to HOD or all other employees, accommodation can still be booked at such an establishment.
 - 5.7.1.4. People with Disabilities: hotels and guesthouses with designated rooms for People with Disabilities irrespective the star-rating; however the hotel/guesthouse must submit evidentiary proof that the hotel is a designated provider for People with Disabilities.
 - 5.7.1.5. Only in exceptional cases may the Head of Department approve different limits based on compelling motivation.



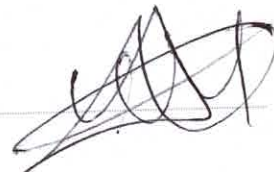
- 5.7.2. No accommodation will be provided if:
- 5.7.2.1. The meeting/event is less than three hundred and thirty (330 km) kilometers, one way, from the place of work.
 - 5.7.2.2. The meeting/event starts at 10:00 in the morning or later, and the meeting/event ends at/before 15:00 in the afternoon.
- 5.7.3. The Head of Department, or delegated official retains the authority to authorise an official to travel the day before a meeting or to stay over after a meeting at his/her discretion.

5.8. Car hire/rental

- 5.8.1. All employees below the level of the Head of Department are allowed to rent/hire a car with a maximum engine capacity of 1600cc (cubic capacity).
- 5.8.2. The Head of Department is allowed to rent/hire a car with a maximum engine capacity of 2000cc (cubic capacity).

5.9. Written price quotations above transaction value of R500,000 (five-hundred thousand Rand) but not exceeding R1,000,000 (one million Rand) inclusive of all applicable taxes

- 5.9.1. The Department will invite written price quotations for requirements up to an estimated value of R500,000 (five-hundred thousand Rand) but not exceeding R1,000,000 (one million Rand) from prospective suppliers who are registered on the CSD through sealed quotation process.
- 5.9.2. Suppliers will be sourced through CSD/ISS on a rotational basis by SCM officials responsible for sourcing of quotations.
- 5.9.3. Ten (10) days will be required for the invitation of price quotations to afford suppliers enough time to submit their quotations and balancing with the need for Department to deliver services.



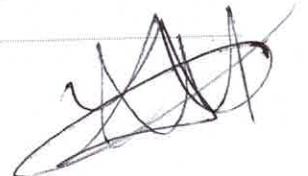
- 5.9.4. Quotations will be delivered and or dropped off at the departmental tender box on the closing date and time specified on the quotation document.
- 5.9.5. Quotations will be valid for a period of thirty (30) days after the closing date.
- 5.9.6. The minimum number of six (6) suppliers will be invited to submit sealed quotations.
- 5.9.7. Should this be impossible, reasons should be recorded and approved by the Head of Department and/or his/her delegation before the order is issued and maintained for audit purposes.
- 5.9.8. SCM (Demand Management Unit) must ensure that prices received are market related and where they are not, negotiations must be entered into in line with the PR2017.
- 5.9.9. A Quotation Committee must be appointed in writing by the Head of Department to evaluate and award quotations above the transaction of R500,000 (five-hundred thousand Rand) but not exceeding R1,000,000 (one million Rand).

5.10. Leases of office space

- 5.10.1. The Department will not lease any office space without approval from the Department of Public Works, Roads and Transport, and in consultation with the Provincial Treasury.
- 5.10.2. Approval for the leasing of the office space will be based on a needs analysis and the availability of budget.

5.11. Variation orders

- 5.11.1. Officials will be personally liable for any variation orders where it can be proved that the variation orders are as a result of negligence.
- 5.11.2. Contracts may be expanded or varied by not more than twenty percent (20%) or twenty million Rand (R20m) (including all applicable taxes) for construction



related goods, works and/or services and 15% or R15 million (including all applicable taxes) for all other goods and /services of the original value of the contract, whichever is the lower amount.

5.11.3. The Department is advised to limit variation orders to a minimum.

5.11.4. Any deviation in excess of these thresholds will only be allowed subject to the prior written approval of the Provincial Treasury, where good reasons exist.

5.12. Functions of Departments Bid Adjudication Committee (DBAC): Subsidized Vehicles (additional function to what is contained in the approved Policy)

5.12.1. *Application of subsidized vehicles:* Recommend approval for application of subsidized vehicle in line with the transport policy.

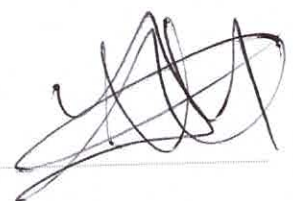
6. EFFECTIVE DATE OF THE ADDENDUM

This Addendum to the Supply Chain Management Policy shall come into effect from the date of approval.

7. POLICY AND ADDENDUM REVIEW

This Policy will be reviewed as and when changes are issued by the National Treasury regarding all matters in prescribed in the Addendum to the Supply Chain Management Policy.

8. POLICY ADDENDUM APPROVAL



Policy Addendum Developer:



MS KM TUMANE

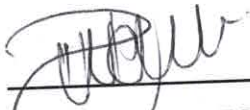
DIRECTOR:

SUPPLY CHAIN MANAGEMENT

08/11/2021

DATE

Recommendation:



MS HH DU PLESSIS

CHAIRPERSON:

DEPARTMENTAL POLICY OVERSIGHT COMMITTEE

3/11/2021

DATE

AND



MS R MODISAKENG

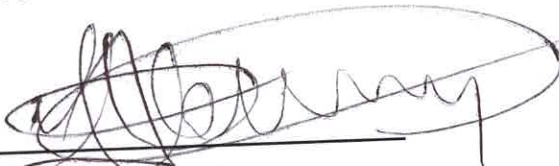
DEPUTY CHAIRPERSON:

DEPARTMENTAL POLICY OVERSIGHT COMMITTEE

08/11/2021

DATE

Approval:



MR JK MASHIGO

HEAD OF DEPARTMENT

10/11/2021

DATE

