

**DEPARTMENT OF PUBLIC
WORKS AND ROADS**

**SUPPLY CHAIN MANAGEMENT
POLICY**

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1. Preamble

The Department uses public funds to finance its procurement of goods and services; therefore it is obliged to ensure that the best interests of the public are served when these funds are spent. Best interests include satisfying requirements at the most favourable conditions, including price; ensuring that business and industries are afforded the best possible opportunity to satisfy such requirements on a competitive basis; and adhering to National Government's medium-term policy initiatives, in line with Broad-Based Black Empowerment Act (B-BBEE), Preferential Procurement Policy Framework Act, and other SCM applicable prescripts. The policy covers procedures for Demand Management, Acquisition, Logistics, Disposal and SCM Performance.

Where departmental policy is in conflict with National or Provincial Treasury policies, the latter institution's Acts/Regulations/Guidelines/ and Policies shall supersede the departmental policy.

2. Definitions

In this policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and –

- 2.1 "competitive bid" means a bid in terms of a competitive bidding process;
- 2.2 "Competitive Bidding Process" means a competitive bidding process referred to in Regulation 12 (1) (d) of the Supply Chain Management Regulation.
- 2.3 "Bid" means a written offer in a prescribed or stipulated form in response to an invitation by the Department for the provision of goods, services or construction works through price quotations, advertised competitive bidding processes or proposals, or any other proposition for business with the Department whether solicited or not;
- 2.4 "Bidder" means any person submitting a bid.
- 2.5 "Acceptable Bid" means any bid which, in all respects, complies with the specifications and bid conditions. Also referred to as a "Responsive Bid";

- 2.6 “Alternative Bid” means a bid which is materially or substantially deviates from the specification and/or bid conditions;
- 2.7 “Alternative Bidder” means a bidder, identified at the time of awarding a bid that will be considered for award should the contract be terminated for any reason whatsoever.
- 2.8 “Construction Industry Development Board (CIDB) Act” means the Construction Industry Development Board Act, 2000, (Act 38 of 2000) and includes the regulations pertaining thereto;
- 2.9 “Construction Works” means any work in connection with the erection, maintenance, alteration, renovation, repair, demolition or dismantling of or addition to a building or any.
- 2.10 “B-BBEE Status Level of Contributor” means the B-BBEE status of an entity in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act, 2003, (Act 53 of 2003);
- 2.11 “B-BBEE” means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act, 2003, (Act 53 of 2003); 59
- 2.12 “Non-compliant Contributor” means a person who does not meet the minimum score to qualify as a status level 8 B-BBEE Contributor, or a person who is not verified in terms of the applicable codes of good practise;
- 2.13 “Exempted Micro Enterprise (EME)” means an exempted micro enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;;
- 2.14 “Black Designated Groups” has the meaning assigned to it in the codes of good practice issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act, 2003, (Act 53 of 2003);
- 2.15 “Black People” has the meaning assigned to it in section 1 of the Broad Based Black Economic Empowerment Act;

- 2.16 "Broad-Based Black Economic Empowerment Act" means the Broad-Based Black Economic Empowerment Act, 2003, (Act 53 of 2003);
- 2.17 "Designated Group" means black designated groups, black people, women, people with disabilities or small enterprises as defined in section 1 of the National Small Enterprises Act, 1996 (act no. 102 of 1996);
- 2.18 "Designated sector" means a sector, sub-sector or industry or product that has been designated in terms of any relevant regulation of the Preferential Procurement Regulations, 2017;
- 2.19 "Contract" means the agreement which is concluded when the Department accepts, in writing, a bid;
- 2.20 "Contractor" means any person or entity whose bid has been accepted by the Department;
- 2.21 "Contract participation goal" is the value of the participation of specific targeted labour and / or enterprises that a contractor must achieve in the performance of a contract, expressed as a percentage of the bid sum less provisional sums contingencies and VAT;
- 2.22 "Adjudication points" means the points for price and points for B-BBEE contribution referred to in the Preferential Procurement Regulations, 2017 and the Preferential Procurement section of this policy, also referred to as "evaluation points";
- 2.23 "Evaluation Points" also referred to as "Adjudication Points"
- 2.24 "Functionality" means the ability of a tenderer to provide goods or services in accordance with specifications as set out in the tender documents. This is determined by the measurement according to predetermined norms, as set out in the bid documents, of the totality of features and characteristics of the goods or services that bears on the ability of thereof to satisfy the stated or implied needs. "Functionality" is also referred to as "Quality";
- 2.25 "Day(s)" means calendar days unless the context indicates otherwise;
- 2.26 "Affected person" means a person whose rights may be materially and or adversely affected if the City Manager takes any of the steps contemplated

in this policy in order to combat abuse of the Supply Chain Management System;

- 2.27 "All applicable taxes" includes value-added tax, pay as you earn, income tax, unemployment insurance fund contributions and skills development levies;
- 2.28 "Closing Time" means the time and day specified in the bid documents for the receipt of bids; "Final Award" in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;
- 2.29 "e-Procurement"; is the electronic implementation of the procurement methodology;
- 2.30 "Non-firm Prices" means all prices other than "firm" prices;
- 2.31 Firm price means the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change imposition, or abolition of customs or exercise duty and any other duty, levy, or tax, which, in terms of the law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract
- 2.32 "Competitions Act" means the Competitions Act, 1998, (Act 89 of 1998, and any regulations pertaining thereto; Regulations;
- 2.33 "Consortium" is an association of two or more individuals, companies, organizations or governments (or any combination of these entities) with the objective of participating in a common activity or pooling their resources for achieving a common goal.
- 2.33.1 Each participant retains its separate legal status and the consortium's control over each participant is generally limited to activities involving the joint endeavor, particularly the division of profits. A consortium is formed by contract, which delineates the rights and obligations of each member;
- 2.34 "Joint Venture (often abbreviated as JV) is an entity formed between two or more parties to undertake economic activity together. The parties agree to create a new entity by both contributing equity, and they then share in the

revenues, expenses, and control of the enterprise. The venture can be for one specific project only, involves no equity stake by the participants, and is much less rigid arrangement.

- 2.35 “Consultant” means a person or entity providing services requiring knowledge based expertise, and includes professional service providers;
- 2.36 “Open Written Price Quotation” means a written or electronic offer to the Department in response to an invitation to submit a quotation as per threshold stipulated in the financial delegations.
- 2.37 “Sealed Quotation”, means a written offer to the department in response to an invitation to submit a quotation as per threshold stipulated in the financial delegations;
- 2.38 “Framework Agreement is an agreement with suppliers to establish terms governing contracts that may be awarded during the life of the agreement. In other words, it is a general term for agreements that set out terms and conditions for making specific purchases (call-offs);
- 2.39 “Fronting (Also referred to as Tokenism or Window dressing) i.e., where preference points are obtained on a fraudulent basis;
- 2.40 “In the service of the state” means: an official of any municipality or municipal entity; 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 1 of 1999); a member of any provincial legislature; or the National Assembly.
- 2.41 “Preferred Bidder” means a bidder with whom negotiations may be entered into to conclude the final terms of a contract
- 2.42 “Preferential Procurement Policy Framework Act” (PPPFA) means the Preferential Procurement Policy Framework Act, 2000, (Act 5 of 2000);
- 2.43 “Preferential Procurement Regulations” means the regulations pertaining to the PPPFA;

- 2.44 "Price" refers to the financial offer in the bid or quotation, which includes all applicable taxes less unconditional discounts;
- 2.45 "Promotion of Access to Information Act (PAIA)" means Promotion of Access to Information Act, 2000 (Act 2 of 2000);
- 2.46 "Proof of B-BBEE Status Level of Contributor" means the B-BBEE status level certificate issued by an authorised body or person, a sworn affidavit as prescribed by the B-BBEE Codes of good Practice or any other requirement prescribed in terms of the Broad-Based Black Economic Empowerment Act;
- 2.47 "Policy" means this Supply Chain Management Policy as amended from time to time;
- 2.48 "National Treasury" has the meaning has the meaning assigned to it in section 1 of the Public Finance Management Act, 1999 (Act No. 18 of 1999);
- 2.49 "Goods" means capital and current Assets.
- 2.50 "Services" means professional and specialized services
- 2.51 "Qualifying Small Enterprise (QSE)" means a qualifying small enterprise in terms of a code of good practice on black economic empowerment issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;;
- 2.52 "Quality" also referred to as "Functionality"
- 2.53 "Rand Value" means the total estimated value of a contract in Rand, calculated at the time of bid invitation;
- 2.54 "Rural Area" means a sparsely populated area in which people farm or depend on natural resources, including villages and small towns that are dispersed through the area or an area including a large settlement which depends on migratory labour and remittances and government social grants for survival, and may have a traditional land tenure system;
- 2.55 "SARS" means the South African Revenue Services;

- 2.56 "Stipulated Minimum Threshold" means the minimum threshold stipulated in terms of any relevant regulation of the Preferential Procurement Regulations, 2017;
- 2.57 "Sub-contract" means the prime contractor's assigning, easing, making out work to, or employing, another person to support such prime contractor in the execution of part of a project in terms of the contract;
- 2.58 "Sub-contractor" means any person that is assigned, leased,, employed or contracted by the prime contractor to carry out work in support of the prime contractor in the execution of a contract;
- 2.59 "Supplier/Vendor" are generic terms which may include suppliers of goods and services, contractors and/or consultants;
- 2.60 "Supply Chain Management (SCM) Regulations" means the Supply Chain Management Regulations published in terms of the Finance Management Act, 2003, (Act 56 of 2003);
- 2.61 "Targeted Labour" means those individuals employed by a contractor, or sub-contractor, in the performance of a contract, who are defined in the contract as the target group, and who permanently reside in the defined target area;
- 2.62 "Targeted Enterprises" means those enterprises (suppliers, manufacturers, service providers or construction works contractors) that own, operate or maintain premises within the target area defined in the contract, for the purposes of carrying out their normal business operations;
- 2.63 "Tender/Tenderer" means "bid/bidder";
- 2.64 Bid validity means "the period of time a bid can be considered valid".
- 2.65 Bid validity period means "the period within which a bidder's offer is considered legally binding
- 2.66 "Transaction value" means the actual contract value (the bid sum or price) in south African currency, inclusive of all applicable taxes in respect of the goods services or construction works that are contracted for.

- 2.67 “Treasury” has the meaning assigned to it in section 1 of the Public Finance Management Act, 1999 (Act No. 1 of 1999 as amended by Act 29 of 1999)
- 2.68 “Treasury Guidelines” means any guidelines on supply chain management issued by the Minister in terms of the PFMA;
- 2.69 “Unsolicited Bid” means any proposal received by an institution outside the normal procurement that is not an unsolicited bid (a submission that must be innovative unique and provided by a sole supplier);
- 2.70 “Long term contract” means a contract with a duration period exceeding one year;
- 2.71 “list of accredited prospective providers” means the list of accredited prospective providers which are approved by the department.
- 2.72 “Head of Department” means the Accounting Officer of the Department as defined in the PPFMA;
- 2.73 “Delegated Authority” means any person or committee delegated with authority by the Department in terms of the provisions of the PFMA;
- 2.74 “Director” in terms of this policy means a director of a company as defined in the Companies Act, 1973 and 2008 (Act No. 61 of 1973 and Act No. 71 of 2008); a member of a close corporation as defined in the Close Corporations Act, 1984 (Act No. 69 of 1984); a trustee of a trust or a person holding an equivalent position in a firm.
- 2.75 “CSD” means Central Supplier Database which is a standardized and electronic supplier database administered by the National Treasury which provides information to an organ of state.
- 2.76 “VTSD” means Villages, Towns and small Dorpies.
- 2.77 “Person” includes a natural or legal entity;
- 2.78 “Trust” means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person;

2.79 "Trustee" means any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person;

2.80 "Abuse" in terms of the Department's Supply Chain Management System means conduct by an official or person that is tantamount to fraud; corruption; favouritism; unfair, irregular and unlawful practices; misrepresentation on information submitted for the purposes of procuring a contract with the Department; misrepresentation regarding the contractor's expertise and capacity to perform in terms of a contract procured via the supply chain management system; breach of a contract procured via the supply chain management System; failure to comply with the supply chain management system; breach of a contract procured via the supply chain management system; failure to comply with the supply chain management system; and any other conduct referred to under the heading of "Combatting Abuse of the Supply Chain Management Policy".

2.81 Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include females and words importing persons shall include companies, close corporations and firms, unless the context clearly indicates otherwise.

2.82 Unless otherwise indicated, all amounts/limits stated in this document shall be deemed to be inclusive of all applicable taxes.

3. LEGISLATIVE FRAMEWORK

3.1 Regulatory Context

The objectives of this Policy are:

3.1.1 to give effect to section 217 of the Constitution of the Republic of South Africa by implementing a system that is fair, equitable, transparent, competitive and cost effective;

3.1.2 to comply with all applicable provisions of the PFMA including the Supply Chain Management Regulations published under regulations in terms of Public Finance Management Act, 1999: Framework for Supply Chain Management as

published in Gazette no.25767 dated 05 December 2003 and to comply with any National Treasury Circulars/Guidelines;

3.1.3. to ensure consistency with all other applicable legislation and any regulations pertaining thereto, including:

3.1.3.1 Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999)

3.1.3.2 Treasury Regulation 16 A (Government Gazette 27388 dated 15 March 2005)

3.1.3.3 Preferential Procurement Policy Framework 2000 (Act 5 of 2000)

3.1.3.4 The Broad-Based Black Economic Empowerment Act 53 of 2003

3.1.3.5 Regulation in terms of Section 76 (4) of the Public Finance Management Act, 1999 (Act no 1 of 1999 as amended by Act 29 of 1999. Framework for Supply Chain Management);

3.1.3.6 Promotion of Access to information Act, 2000 (Act 3 of 2000)

3.1.3.7 Promotion of Administrative Justice Act. (Act 3 of 2000)

3.1.3.8 Competition Act as amended by Competition amendment Act no 35 of 1999, Act no 15 of 2000 and no 39 of 2000

3.1.3.9 Construction Industry Development Board Act 9 CIDB standard of uniformity

3.1.3.10 National Treasury Supply Chain Management Guidelines

3.1.3.11 Government Immovable Assets Management Act 19 of 2007

3.2. Departmental

3.2.1 Financial Management Delegations of Authority

3.2.2 Supply Chain Management Delegations of Authority

4. GENERAL PROVISIONS AND APPLICATION OF POLICY

Commencement and Review

This Policy is effective from the date on which it is adopted by the Department. Should any Legislation be enacted or be amended that conflicts with any part of this Policy, such Legislation will take precedence and will be implemented by the Department without amending this Policy. Such amendment of the Policy as may be required would be done as expeditiously as possible.

The Head of Department or delegated authority must annually review the implementation of this Policy and if she/he considers it necessary, submit proposals for the amendment of the Policy to the Head of Department for approval.

4.1 Purpose and Objectives of Policy

The purpose and objective of this policy is to guide and regulate the procurement process of the Department

This Policy applies to:

4.1.1 The procuring of goods or services, and consultants services, and excluding construction procurement

4.1.2 The procurement of goods and services under a current contract secured by another organ of state, provided that prescribed processes are followed.

The policy aims to ensure that the manner in which the Department procures goods, services and assets, meets the following key objectives:

4.1.3 To provide the Department with the best value for money whilst improving service delivery, thus moving away from the “lowest price” scenario to a “best value for money” scenario.

5. Principles of Fair Dealing

To implement efficient and effective procurement practices in an integrated manner across all elements of the supply chain and develop appropriate systems that would give effect to the principles of fair dealing;

5.1 To eliminate fraud or any other irregularities;

5.2 To adopt a uniform procurement and information system, and provide leadership across the Department of Public Works and Roads.

5.3 To provide a Departmental Framework for issuing the Supply Chain Management Delegations and Standard Operating Procedures that will separately clarify in detail the roles and responsibilities of officials in Procurement matters from this Policy Document.

5.4 And to ensure an intervening and retrospective analysis to determine whether the proper process has been followed, objectives are being achieved and to initiate

any necessary corrective steps. The performance of both the Supply Chain Management Directorate and the suppliers shall be measured through this analysis.

6. CODE OF CONDUCT

SCM practitioners should ensure that they perform their duties effectively and with integrity, in accordance with the relevant legislation and regulations including the Public Service Regulations, issued by the Department of Public Service and Administration, National Treasury Regulations, PTI's and directives issued by accounting officers. They should ensure that public resources are administered responsibly.

Practitioners 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. They should not abuse the power and authority vested in them.

Practitioners should comply with the Code of Conduct for the Public Service as contained in Chapter 2 of the Public Service Regulations, 2001 especially items C 4.12 and C5.3 to C5.4 thereof.

Practitioner should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties. Practitioners should declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest.

Practitioners should not take improper advantage of their previous office after leaving their official position.

Practitioners are accountable for their decisions and actions to the public and should use public property scrupulously.

Only Accounting Officer/Authority or their delegates have the authority to commit the government to any transaction for the procurement of goods and services. All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make false or misleading entries into such a system for any reason whatsoever.

Practitioners should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only if it is in the public interest to do so.

Any information that is the property of the government or its supplier should be protected at all times. No information regarding any bid/ contract/ bidder/ contractor may be revealed if such an action will infringe on the relevant bidder's / contractors personal rights.

Matters of confidential nature in the possession of supply chain practitioners should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions should also apply after separation from service.

7. FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT

This is the basis structure underlying SCM systems and concepts

7.1 Format of supply chain management

The Policy provides for the following supply chain management systems:

- 7.1.1 Demand management system;
- 7.1.2 Acquisition management system;
- 7.1.3 Logistics management system;
- 7.1.4 Disposal management system;
- 7.1.5 Risk management system;
- 7.1.6 Performance management system.

These systems must be adhered to in all supply chain management activities undertaken by the Department.

7.2 Delegations

The Head of Department has the statutory power to delegate or sub-delegate to a staff member any power conferred on the City Manager in terms of the PFMA and the Supply Chain Management Regulations relating to supply chain management.

No decision-making in terms of any supply chain management powers and duties may be delegated to an advisor or consultant who is not a departmental official.

7.3 Demand Management

7.3.1 Demand management provides for an effective system to ensure that the resources required to support the strategic operational commitments of the Department are delivered at the correct time, at the right price and at the right location, and that the quantity and quality satisfy the needs of the Department.

7.3.2 Demand Management is intended to build and promote effective planning, timeous acquisition of goods and services according to the Departmental Procurement Plan.

The Department's Integrated Development Plan (IDP) is a comprehensive strategy document setting out how the Departments intends to achieve its targets in a financial year. It is on the basis of the IDP that the resources of the department will be allocated and on which the budget is based.

7.3.3 The Department's annual performance plan (APP) is a comprehensive strategy document setting out how the departments intends to achieve its targets in a financial year. It is on the basis of the APP that the resources of the department will be allocated and on which the budget is based.

7.3.4 In order to achieve effective demand management, the Director: Supply Chain Management shall continuously ensure:

7.3.4.1 That efficient and effective Supply Chain Management systems and practices are implemented to enable the Department to deliver the required quantity and quality of services to the public.

7.3.4.2 The establishment of uniformity in policies, procedures, documents and contract options and the implementation of sound systems of control and accountability.

7.3.4.3 The development of a professional supply chain management system which results in continuing improvement in affordability and value for money, based on total cost of ownership and quality of procurement as competition amongst suppliers is enhanced.

7.3.4.4 In dealing with suppliers and potential suppliers, the City shall respond promptly, courteously and efficiently to enquiries, suggestions and complaints.

7.3.5 The Director Supply Chain Management or delegated official shall annually compile the Department's Demand Management Plan and to ensure that the plan is approved and submitted to Provincial Treasury.

7.3.6 Demand management is the beginning of the supply chain management process and the major activities associated with identifying demand are:

7.3.6.1 Establishing requirements;

7.3.6.2 Determining needs; and

7.3.6.3 Deciding on appropriate procurement strategies.

7.3.7 Demand management accordingly shall involve the following activities:

7.3.7.1 understanding the future needs;

7.3.7.2 Identifying critical delivery dates;

7.3.7.3 Identifying the frequency of the need;

7.3.7.4 linking the requirement to the budget;

7.3.7.5 conducting expenditure analyses based on past expenditure;

7.3.7.6 determining requirements (including the internal capacity to implement),

7.3.7.7 conducting commodity analyses in order to check for alternatives; and conducting industry analyses.

7.3.7.8 The Demand Manager shall consider the following alternative strategies

Prior to the acquisition process:-

7.3.7.8.1 Acquisition of redundant / obsolete material, goods and assets from other institutions;

7.3.7.8.2 Leasing/rental/hiring from other institutions

7.3.7.8.3 Sourcing of expertise from other institutions;

7.3.7.8.4 Utilization of transversal contracts administered by other institutions;

7.3.7.8.5 Local versus international sourcing; or

7.3.7.8.6 Public Private Partnerships.

7.4 Procurement Planning

7.4.1. The department procurement plan must at least contain the following information

7.4.1.1 Good and services to be procured

7.4.1.2 method of procurement

7.4.1.3 Timelines to execute the procurement action

7.4.1.4 Estimated value including all applicable taxes

7.4.1.5 Confirmation that funds are available

7.4.1.6 The responsible office or district office

7.4.2 Procurement planning is one of the important processes within Demand Management. This will ensure that service delivery commences immediately and that there is no delay in expenditure. Procurement planning should take place during the beginning of the financial year when the institution's strategic plan and budget have been approved. Procurement plans cannot be developed in isolation. The SCM directorate must perform hand-in-hand with user departments/directorates in the formulation of procurement plans. Procurement planning must be aligned with the budget and therefore programme managers become key drivers in the development of these plans.

7.4.3 The procurement plan shall be submitted to the relevant Provincial Treasury on the date set by the duly delegated authority. The procurement plan shall be signed by the Accounting Officer and the Chief Financial Officer

7.4.4 Quarterly procurement plan performance shall be reported and submitted to provincial Treasury

7.4.5 Analysis of the goods works or services required

7.4.6 During the strategic planning phase of the institution, the goods works or services required to execute the identified function are determined. The SCM representative(s) should assist the process in ensuring that the identified goods, works or services are the optimum resources required to achieve the goals and objectives of the institution

7.4.7 Planning to obtain the required goods, works or services:

Together with the end-user, the SCM unit/directorate should apply prescripts to determine the manner in which to acquire the required goods, works or services. This entails among others, the following;

7.4.7.1 Confirmation that sufficient funds have been allocated for the procurement of the required goods, works or services (Copy of B09).

7.4.7.2 Procurement method must be in line with the financial delegations e.g. price quotations, competitive bids, transversal contracts or ad-hoc contracts and framework agreements

7.4.8 Compilation of the procurement plan

Completion of the above activities should result in the compilation of the procurement plan to be implemented by the SCM unit/directorate. The plan should indicate description of goods, works or services, the end-user, the contact person representing the end-user, estimated value, date of advertisement of the bid, closing date of the bid and the date of award.

8. Acquisition Management

This system, however, should not be abused and items of regular use should be bought in bulk through the normal procurement process. This acquisition management system contains the general conditions and procedures which are applicable, as amended from time to time, to all procurement, contracts, and orders for the Department.

8.1 Acquisition Management provides guidance on how goods, Services and assets should be procured, leased or hired from the market place.

8.1.1 All procurement shall be in line with the approved Procurement Demand Management Plan.

8.1.2 The Central Supplier Database (CSD) is the only standardised and electronic supplier database to source quotations from by Supply Chain Management. All quotations must be sourced from suppliers that are registered on the CSD. This database is administered by the National Treasury which provides information to an organ of state.

8.2. It is the responsibility of the end-user to finalize the detailed Terms of Reference/specifications and manage the appointed Service Provider.

8.3 the end user shall proper plan for and, as far as possible, accurately estimate the costs of the provision of services or goods for which an invitation for bids is to be made.

8.4 The estimated project value determine the appropriate preference point system to be utilised in the evaluation of the tenders.

8.5 Where applicable the end-user shall determine the pre-qualification and functionality criteria in which a bidder will be assessed.

8.6 Advertisement in terms of construction project will be on the CIDB Web site, e-tender and tender bulletin. In terms of other projects the advertisements will be on the Departmental web site e-tender and tender bulletin.

9. National Treasury's Central Supplier Database (CSD)

As per National Treasury SCM instruction number 4A of 2016/2017 all suppliers must be registered on the Central Supplier Database (CSD) that can be accessed at <https://secure.csd.gov.za>. The Central Supplier Database will be the only database used for the sourcing of service providers.

9.1 General Conditions Applicable to Bids and Quotations

The Department may not consider a bid or quote unless the bidder:

9.1.1 has submitted CSD verification report in line with SCM practice note 4A of 2016/17 paragraph 3.8 or in the case of Joint venture a consolidated CSD Report

9.1.2 has submitted a CIDB grading certificate (when applicable)

9.1.3 has submitted a original signed Joint Venture /Consortium Agreement (when applicable)

9.2 TABLE OF CSD FORM TO BE SUBMITTED AS APPLICABLE

CODE	SUB-CATEGORIES
SBD 1	Tax Compliance Statue
SBD 3.1	Pricing schedule – firm prices (purchases)
SBD 3.2	Pricing schedule – non firm prices (purchases)
SBD 3.3	Pricing schedule – professional services
SBD 4	Declaration of interest
SBD 5	The National Industrial Participation Programme
SBD 6.1	Preference Points claim form in terms of the Preferential Procurement

	regulations 2017
SBD 7.1	Contract form – purchase of goods/works
SBD 7.2	Contract form – rendering of services
SBD 7.3	Contract form – sale of goods/works
SBD 8	Declaration of bidder's past Supply Chain Management practices
SBD 9	Certificate of independent bid determination

9.2.1 The Department must verify on CSD or SARS web-site VAT registration of all vendors claiming VAT.

9.2.2 Before making an award the department shall check the tax status of the supplier on the CSD by means of a report.

9.2.3 Irrespective of the procurement process followed, the Department is prohibited from making an award to a person

9.2.3.1 Who is in the service of the state;

9.2.3.2 if the person is not a natural person, of which any director, manager or principal shareholder or stakeholders is in the service of the state, or has been in the service of the state in the previous twelve months; or

9.2.3.3 who is an advisor or consultant contracted with the Department whose prior or current obligations creates any conflict of interest or unfair advantage

9.2.3.4 who is listed on the Database or Restricted Suppliers and/or Register for Tender Defaulters

9.2.3.5 A bidder who is non tax non-compliant.

10. QUOTATIONS

10.1 OPEN QUOTATIONS

Where the Department intends to procure any goods or services, which involves a transaction value of R1 up to R2 000, written price quotations shall be obtained from at least one provider preferably from, but not limited to, providers whose names appear on the Supplier Database provided that if quotations are obtained from

providers who are not listed, such providers must meet the listing criteria referred to in this Policy.

10.2 *Open Written Price Quotations*

Where the Department intends to procure any goods or services, which involves a transaction value over R2 000 and up to R30 000, written price quotations shall be obtained from at least three different providers from, but not limited to, providers who are registered on the Central Supplier Database.

If it is not possible to obtain three written quotations, the reasons must be recorded and approved, prior to proceeding with the procurement, by the Head of Department or his / her delegated official in accordance with the Financial Delegation manual.

The names of the potential providers requested to provide quotations and their written quotations must be recorded.

All orders in respect of written price quotations shall be approved and released by the Director Supply Chain Management, or his delegated authority.

10.3 *Open Written Price Quotations*

Where the Department intends to procure any goods or services, which involves a transaction value over R30 000 and up to R100 000, written price quotations shall be obtained from at least three different providers who are registered on the Central Supplier Database.

A preference point system, as described in the preferential procurement section of this policy, must be applied to such quotations.

11 Quotation Documentation

All quotation documentation, where practicable, shall comply with the requirements of bid documentation contained in the acquisition management system for competitive bids.

12. Quotation Prices

In general, all quotations should be submitted on a fixed price basis

13 Submission of Quotations

Quotation documents issued by the Department shall clearly state the place where such documents must be submitted and the date and time by when they must be submitted.

14. Closing of Quotations

Quotations shall close on the date and at the time stipulated on the request for quotations. No quotations submitted after any stipulated date and time shall be considered.

15. Opening of Bid Box and record of bids/price Quotations received

The bid box is closed at exactly 11:00am and all the bids should be removed and opened. The bids should be date stamped on the envelope, sorted according to the bid numbers, recorded and sorted accordingly with those already received of similar bid numbers. In the interest of transparency this information is available for the scrutiny of interested parties on request.

For security purposes all the pages of the bids should be date stamped and checked for any correction fluid marks, write over's, deletions, signature omissions (especially on the bid forms).

15.1 Late bids

Bids are late if they are received after the closing date and time. Late bids must be registered. A late bid must not be considered and where feasible must be returned unopened to the bidder and accompanied by an explanation. No exceptions to this rule should be entertained

15.2 Control measures for the handling of bids

The following controls must be in place for the proper handling of bids:

15.2.1 A special lockable office or strong room or walk-in safe for the receipt and storing of bids.

15.2.2 A bid box that is open and accessible 24hours per day 7 days a week including weekends and public holidays to ensure free access at all times.

15.2.3 Date stamps shall be used to register the time and date of receipt of bids to indicate whether or not it has been received on time.

15.2.4 At least two people must be involved in opening a bid box.

15.3 Consideration and Acceptance of Quotations

All orders in respect of formal written price quotations shall be approved and released by the Director Supply Chain Management or his delegated authority.

Consideration and Acceptance of Quotations

All orders in respect of formal written price quotations shall be approved and released by the Director Supply Chain Management or his delegated authority.

16. COMPETITIVE BIDS

16.1 Competitive bids must be called for any procurement of goods or services, and construction works above a transaction value of R500 000.

16.2 When determining transaction values, a requirement for goods or services, construction works or consultant services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

16.3 Goods or services, construction works, or consultant services may not be split into parts or items of lesser value merely to avoid complying with the requirements relating to competitive bids.

16.4 Competitive bids should be advertised in CIDB itender (Construction related), National Treasury e-tender publication portal, Departmental website and the Government Tender Bulletin. Should it be impractical to invite competitive bids for specific procurement, e.g. in emergency cases or in case of a sole supplier, the accounting officer/authority may procure the required goods or services by other means, such as price quotations or negotiations in accordance with Treasury Regulation 16A6.

16.5 The reasons for deviating from inviting competitive bids should be recorded and approved by the accounting officer/authority or his/her delegate. Accounting officers/authorities are required to report within ten (10) working days to the relevant treasury and the Auditor-General all cases where goods and services

above the value of R1 million (VAT inclusive) were procured in terms of Treasury Regulation 16A6. The report shall include the description of the goods or services, the name/s of the supplier/s, the amount/s involved and the reasons for dispensing with the prescribed competitive bidding process.

16.6 Goods, works or services may not deliberately be split into parts or items of lesser value merely for the sake of procuring the goods, works or services otherwise than through the prescribed procurement process. When determining transaction values, a requirement for goods, works or services consisting of different parts or items shall as far as possible be treated and dealt with as a single transaction.

16.7 Accounting officers/authorities should apply the prescripts of the Preferential Procurement Policy Frameworks Act, Act 5 of 2000 and its associated Regulations for all procurement equal to or above R30 000 (VAT included). However, these prescripts may be applied for procurement with a value of less than R30 000, if and when appropriate.

16.8 The Accounting officer/authority shall be in possession of a CSD verification report.

17. UNSOLICITED BIDS /PROPOSALS

17.1. The Department may consider unsolicited proposal if it meets the following requirements:

17.1.1 comprehensive and relevant project feasibility study has established a clear business case, and

17.1.2 the product or service involves an innovative design;

17.1.3 or the product or service involves an innovative approach to project development and management; or

17.1.4 the product or service presents a new and cost-effective method of service delivery.

17.1.5 Information to be included in an unsolicited proposal:

17.1.6 name, address, identification or registration number (if corporation), VAT registration number and the contact details of its authorised representative;

- 17.1.7 identification of any confidential or property data to be made public;
- 17.1.8 The names of other South African institutions that have received a similar unsolicited proposals;
- 17.1.9 the proponent's valid SARS Tax Clearance Certificate / compliance certificate and in the case where the proponent is a consortium or joint venture, a valid Tax Clearance Certificate / compliance certificate for each member thereof;
- 17.1.10 a declaration of interest containing the particulars as required by the National Treasury's standard bid document (SBD) 4;
- 17.1.11 a declaration of the proponents past supply chain practices containing the particulars as required in the National Treasury's standard bid document (SBD) 8;
- 17.1.12 a declaration from the proponent indicating that the offering of the unsolicited proposal was not as a result of any non-public information obtained from officials from the relevant institution or any other institution.
- 17.1.13 The bidding process will include the following:
 - 17.1.13.1 Request to Qualification (RFQ) to test the market for the existence of other private entities capable of providing the product or services;
 - 17.1.13.2 the preparation of a draft contract should there be no adequate response to the RFQ;
 - 17.1.13.3 the preparation of a Request for Proposal (RFP) with a draft contract should there be one or more adequate responses to the RFQ;
 - 17.1.13.4 conducting a competitive bidding process in terms of the institution's supply chain management system among the firms qualified in the RFQ and the proponent; and
 - 17.1.13.5 reimbursement of the proponent should they not be awarded the contract resulting from the bidding process. The quantum of the reimbursement shall be those audited costs of the proponent from the time the institution was solicited by the proponent to the conclusion of the bidding process.
- 17.2 The requirements for the bid process are:
 - 17.2.1 that it must be developed by the institution;

- 17.2.2 it must be disclosed that the bid originated from an unsolicited proposal; and
- 17.2.3 the provision of the agreed costs and terms of payment to the proponent and the requirement that all bidders save for the proponent make allowance for these costs to the proponent directly, if their bid is successful.
- 17.2.4 After receiving an unsolicited proposal and before either accepting or rejecting the proposal in accordance with the prescribed procedure the department may seek advice from independent consultants or experts, subject to specific set requirements that includes disclosure agreements.
- 17.2.5 The department may also not use any data, concept, idea, or other part of an unsolicited proposal as the basis or part of the basis, for a solicitation or in negotiation with any other firm unless the project proceeds to procurement in terms of the prescribed procedure and the proponent is notified of and agrees to the intended use; provided that this prohibition does not preclude the use of any data, concept or idea in the proposal that also is, or becomes available from another source without restriction or disclose information identified in the unsolicited proposal agreement as confidential.

18 Sealed written quotations

Where the department intends to procure any goods or services, which involves a transaction value of R100 000 to R500 000 sealed written price quotations may be obtained from at least three (3) service provider preferably from, but not limited to providers whose names appear on the Central Supplier Database as well as where applicable on the CIDB

19 Bid Specifications

- 19.1 Bid specifications must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services.
- 19.2 Bid specifications must consider standards such as those issued by South African National Standards, the International Standards Organisation, or any authority accredited or recognised by the South African National

Accreditation System with which the equipment or material or workmanship should comply with.

- 19.3 Bid specifications shall, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design.
- 19.4 Bid specifications may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification.
- 19.5 Bid specifications may not make any reference to any particular trade mark, name, patent, design, type, specific origin or producer, unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the words "similar or equivalent".
- 19.6 Bid specifications must be approved by the Head of Department or his delegated authority prior to publication of the invitation for bids.
- 19.7 Where specifications are based on standard documents available to bidders, a reference to those documents is sufficient.
- 19.8 Specifications should be precise and should avoid duplication of the same service or performance requirements.
- 19.9 Each specification will be evaluated in terms of budget and expenditure priorities to ensure that these priorities are promoted in the specification.
- 19.10 Expenditure priorities must, as far as possible, be addressed through the referencing system but the specification should also be aligned to the priority.

20. BID SPECIFICATION COMMITTEE

- 20.1 All bid specifications and bid documentation must be compiled by an bid specification committee.
- 20.2 The Bid Specification Committee shall be comprised of a appointed Chairperson, at least four officials, a secretariat and at least one Supply Chain Management Practitioner of the Department.

20.3 Where appropriate a representative of Internal Audit and/or Legal Services and/or other specialist advisors (internal or external) may form part of this committee.

20.4 Green procurement should be considered for all specifications of goods, services and construction works.

20.5 In the development of bid specifications, innovative mechanisms should be explored to render the service or product more green and energy efficient.

20.6 The Head of Department, or his delegated authority, shall take into account section 76 (4) c of the PFMA, appoint the members of the Bid Specification Committees.

20.7 No person, advisor or corporate entity involved with the bid specification committee, or director of such corporate entity, may bid for any resulting contracts..

20.8 Bid Specification Committee meetings must be conducted in accordance with the applicable terms of reference and guide rules of Members.

21. INVITATION OF BIDS

21.1.1 Bid documents shall be compiled by making use of Standard Bid Documents, general conditions of contract, special conditions of contract and the relevant terms of reference or specifications.

21.1.2 For bids related to building, engineering and construction works, the Department shall use the General Conditions of Contract and Standard Bidding Documents for Construction Projects issued by the Construction Industry Development Board (CIDB)

21.1.3 The Standard Bidding Documents (SBDs) issued by National Treasury shall be used by the Department solely for all procurement of goods and services not related to Construction Projects.

21.1.4 The verification of Bid documents shall be dealt with in line with the SCM Delegations of Authority.

21.1.5 Approval of Terms of Reference/Specifications & Evaluation Criteria shall be in line with the SCM Delegations of Authority.

21.1.6 Every advertisement of a bid shall contain the clause which states that “If you do not hear from the Department within 90 days of the closing date, you shall regard your offer as unsuccessful”.

22. COMPILATION OF BID DOCUMENTATION

22.1. Construction works as contemplated by the Infrastructure Procurement & Delivery Management Policy, Construction Industry Development Board Act, all requirements of that Act must be taken into account in the bid documentation.

22.2. General conditions of contract and supply chain management guidelines of the National Treasury in respect of goods and services must be taken into account when compiling bid documents.

22.3. Bid documentation must clearly indicate the terms and conditions of contract, specifications, criteria for evaluation and adjudication procedures to be followed where applicable, and include where, in exceptional circumstances, site inspections are compulsory.

22.4. An appropriate contract and/or delivery period must be specified for all contracts.

22.5. The requirements of the preferential procurement section of this Policy must be clearly set out in the bid documentation.

22.6. The bid documentation and evaluation criteria shall not be aimed at hampering competition, but rather to ensure fair, equitable, transparent, competitive and cost effective bidding, as well as the protection or advancement of persons, or categories of persons, as embodied in the preferential procurement section of this Policy.

22.7. The bid documentation must require a bidder to furnish the following:

22.7.1 Company Registration Certificate (Information obtained from CSD Report)

22.7.2. Original certified identification copies of the active director of the company.
(Information obtained from CSD Report)

22.7.3. An original valid tax clearance certificate or tax compliance status pin for all quotations from the value of R1 to R500 000 and competitive bids from R500 000 upwards from the South African Revenue Services stating that the bidders tax matters are in order. (Information obtained from CSD Report)

- 22.7.4. Original valid certified BBBEE certificate issued by SANAS accreditation or an original sworn affidavit certificate signed by a Commissioner of Oath.
- 22.7.5. Bidders who do not submit BBBEE status level verifications certificate do not qualify for preference points for BBBEE but should not be disqualified from the evaluation process
- 22.7.6. Standard Bidding Documents as indicated in paragraph 9.2 of the policy and any other relative documents.
- 22.7.7. CIDB grading certificate (in terms of construction or when required)
- 22.7.8. A recent CSD supplier registration report must be attached, including a consolidated CSD Report for JV where applicable.
- 22.7.9. An original signed Joint venture agreement between the joint venture / consortiums partners.
- 22.7.10. In terms of a joint venture the following documents must be attached:
- 22.7.10.1 Company Registration Certificate.
- 22.7.10.2. Original certified identification copies of the active directors of the company.
(Information obtained from CSD Report)
- 22.7.10.3 Tax compliance status pin for all quotations from the value of R1 to R500 000 and competitive bids from R500 000 upwards from the South African Revenue Services stating that the bidders tax matters are in order. (Information obtained from CSD Report)
- 22.7.10.4. Original certified valid consolidated BBBEE certificate in the name of the joint venture / consortium which was issued by SANAS accreditation or an original sworn affidavit certificate signed by a Commissioner of Oath.
- 22.7.10.5. Bidders who do not submit BBBEE status level verifications certificate do not qualify for preference points for BBBE but shouldnot be disqualified from the evaluation process.
- 22.7.10.6. Calculated CIDB grading certificate of companies. (In terms of construction projects)

- 22.8 Bid documentation must stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation) or, where unsuccessful, in a court of South African law.
- 22.9 Provision for the termination/cancellation of the contract in the case of non- or under-performance must be included in the bid documentation
- 22.10. Unless otherwise indicated in the bid documents, the Department shall not be liable for any expenses incurred in the preparation and/or submission of a bid.
- 22.11. Bid documentation must state that the Department shall not be obliged to accept the lowest bid, any alternative bid or any bid.
- 22.12. Bid documentation must state that the Laws of the Republic shall govern contracts arising from the acceptance of bids.
- 22.13. Bid documentation must compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted.
- 22.14. The bid documentation must require bidders to disclose:
- 22.14.1 whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
- 22.14.2 bidder is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
- 22.14.3 whether a spouse, child or parent of the bidder or of a director, manager, shareholder or stakeholder has been in the service of the state in the previous twelve months.
- 22.14.4 is in the service of the state, or has been in the service of the state in the previous twelve months.
- 22.15. Bid documentation for consultant services must require bidders to furnish the Department with particulars of all consultancy services, and any similar services (to the services being bid for) provided to an organ of state in the last five years.
- 22.16. Bid documentation for consultant services must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery,

item, system or process designed or devised by a consultant in terms of an appointment by the Department, shall vest in the Department.

22.17. The department must state clearly in the tender documents:-

22.17.1 If goods or services for which a tender is to be invited, are in a designated sector for local production and content as envisaged in PPPFA Regulation 2017, regulation 8;

22.17.2 If compulsory subcontracting is applicable to the tender as envisaged in PPPFA Regulation 2017 regulation 9; and

22.17.3 if objective criteria are applicable to the tender as envisaged in PPPFA Regulation 2017 regulation 11.

23. ISSUING OF BID DOCUMENTS

23.1. Bid documents and any subsequent notices may only be issued by officials designated by the Director: Supply Chain Management from time to time.

23.2. Details of all prospective bidders who have been issued with bid documents must be recorded by the issuing office but shall remain confidential for the duration of the bid period.

23.3. Details of prospective bidders must, wherever possible, include the full name of the person drawing documents, a contact person, a contact telephone and fax number and a postal and email address.

24. SALE OF BID DOCUMENTS

A non-refundable fee as determined by the Head of Department for bidding documents is payable when the documents are sold.

All monies received for the sale of bidding documents must be paid into the Provincial Revenue Fund.

Bid documents must state that the applicable fees are non-refundable in the case where a bid was unsuccessful, cancelled or awarded.

25. Pre-award Verification

25.1 Supply chain due-diligence verification to be conducted on all bidders with a CIDB grading 7 or lower as well as suppliers or services.

26. SITE INSPECTIONS

26.1 site inspections will be conducted on a regular basis. In some circumstances however, a site inspection may be made compulsory. If compulsory Site Inspection attendance registers must be kept to serve as proof and will be used as a disqualifying factor in the event that a bidder did not attend the compulsory site inspection.

26.2 If site inspections are to be held, full details must be included in the bid notice, including whether or not the site inspection is compulsory.

26.3 the date of the inspection shall be after the bid have been advertised, and an attendance register should be kept.

27. TWO-STAGE (PREQUALIFICATION) BIDDING PROCESS

- a. In a two-stage (prequalification) bidding process, bidders are first invited to prequalify in terms of predetermined criteria, without being required to submit detailed technical proposals (where applicable) or a financial offer.
- b. In the second stage, all bidders that qualify in terms of the predetermined criteria will be shortlisted and invited to submit final technical proposals (where applicable) and/or a financial offer.
- c. This process may be applied to bids for large complex projects of a specialist or long term nature or where there are legislative, design, technological and/or safety reasons to restrict bidding to firms who have proven their capability and qualification to meet the specific requirements of the bid, including projects where it may be undesirable to prepare complete detailed technical specifications or long term projects with a duration exceeding three years.
- d. The notice inviting bidders to pre-qualify must comply with the provisions of public invitation for competitive bids.
- e. Once bidders have pre-qualified for a particular project, they shall be given not less than 7 (seven) days to submit a final technical proposal (where applicable) and/or a financial offer.

28. TWO ENVELOPE SYSTEM

A two envelope system differs from a two-stage (prequalification) bidding process in that a technical proposal and the financial offer are submitted in separate envelopes at the same place and time. The financial offers will only be opened once the technical proposals have been evaluated.

29. COMPULSORY BRIEFING SESSIONS

When necessary, compulsory briefing sessions will be arranged in order to give more detail information to the prospective bidders. These sessions must be stipulated already in the advert of the bid and must be arranged on a date after the bid has been advertised. Attendance registers must be kept as proof and will be used as a disqualifying factor in the event that a bidder did not attend the compulsory briefing session.

30. CONTRACT PRICE ADJUSTMENT

For all contract periods equal to or exceeding one year, an appropriate contract price adjustment formula must be specified in the bid documents.

In general, if contract periods do not exceed one year, the bid shall be a fixed price bid and not subject to contract price adjustment.

However, if as a result of any extension of time granted, the duration of a fixed price contract exceeds one year, the contract will automatically be subject to contract price adjustment for that period by which the extended contract period exceeds such one year. An appropriate contract price adjustment formula must be specified in the bid documents.

31. SAMPLES

Where samples are called for in the bid documents, samples (marked with the bid and item number as well as the bidder's name and address) shall be delivered separately (to the bid) to the addressee mentioned in the bid documents.

Bids may not be included in parcels containing samples.

If samples are not submitted as required in the bid documents or within any further time stipulated by the Chairperson of the Bid Evaluation Committee in writing, then the bid concerned may be declared non-responsive.

Samples shall be supplied by a bidder at his/her own expense and risk. The Department shall not be obliged to pay for such samples or compensate for the loss thereof, unless otherwise specified in the bid documents, and shall reserve the right not to return such samples and to dispose of them at its own discretion.

If a bid is accepted for the supply of goods according to a sample submitted by the bidder, that sample will become the contract sample. All goods/materials supplied shall comply in all respects to that contract sample.

32. SUBMISSION OF BIDS

- a. Bids must be submitted before the closing time, at the address and in accordance with the directives in the bid documents.
- b. Each bid must be in writing using black non-erasable ink and must be submitted to the Department.
- c. No bids forwarded by email, facsimile or similar apparatus shall be considered.
- d. Electronica bids will not be accepted.
 - e. The bidder shall choose a domicilium citandi et executandi in the Republic and unless notice of the change thereof has duly been given in writing, it shall be the address stated in the bid.
- f. No person may amend or tamper with any bids or quotations after the closing time and date. Bidders who want to add documentation to their submitted bid must produce proof of their Identification by means of a green Bar Coded ID or ID card; no other identification will be accepted. A written request from the bidder indicating the additions and/or amendments which needs to be amended or add to the bid documentation must be handed over to the bid office to be attached to the bidders bid.

33. CLOSING OF BIDS

- a. Bids shall close on the date and at the time stipulated in the bid notice.

- b. Bids for goods and services the bid closing date must be at least 14 (fourteen) days after publication of the notice.
- c. For construction works the bid closing date must be at least 21 (twenty one) days after publication of the notice.
- d. Notwithstanding the above, if the estimated contract value exceeds R10 million (VAT included), or if the contract is of a long term nature with a duration period exceeding one year, then the bid closing date must be at least 30 (thirty) days after publication of the notice
- e. For proposal calls using a two envelope system, the bid closing date must be at least 30 (thirty) days after publication of the notice.
- f. The bid closing date may be extended by the Director: Supply Chain Management if circumstances justify this action; provided that the closing date may not be extended unless a notice is published prior to the original bid closing date.
- g. This notice shall also be posted on the official departmental database, CIDB & E-tender, and a notice to all bidders to this effect shall be issued.
- h. The Head of Department may determine a closing date for the submission of bids which is less than any of the periods specified above, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

34. LATE BIDS

A bid is late if it is not placed in the relevant bid box by the closing time for such bid.

A late bid shall not be admitted for consideration and where feasible shall be returned unopened to the bidder with the reason for the return thereof endorsed on the envelope.

35. OPENING OF A BID

- a. Two or more officials of the Acquisition Management Unit or District Office shall open bids on the closing date and time.
- b. At 11 o'clock on the closing date the applicable bid box shall be closed.

- c. The bid box shall be opened in public as soon as practical after the closing time.
 - d. Immediately after the opening of the bid box, all bids shall be opened public and the official opening the bids shall in all cases read out the name of the bidder and, if practical, the amount of the bid.
 - e. As soon as a bid or technical proposal has been opened:
 - 35.5.1 bid/proposal shall be stamped with the official stamps, and endorsed with the opening official's signature on the first page
 - 35.5.2 the name of the bidder, and where possible, the bid sum shall be recorded in a bid opening register kept for that purpose; and
 - 35.5.3 the responsible official who opened the bid shall forthwith place his/her signature on the bid opening record.
 - f. Bids received in sealed envelopes in the bid box without a bid number or title in the envelope will be opened at the bid opening and the bid number and title ascertained.
- 35.6 If the bid closes at a later date, the bid will be placed in a sealed envelope with the bid number and title endorsed on the outside, prior to being lodged in the applicable box. The department however disclaims any responsibility for seeing that the bid is in fact lodged in the correct box.

36 Opening of bids where a two a Two Envelope system (consisting of a technical proposal and financial proposal) is followed: only the technical proposal will be opened at the bid opening.

- 36.1 The unopened envelope containing the financial proposal shall be stamped and endorsed with the opening official's signature, and be retained by him/her for safekeeping.
- 36.2 When required the financial offers/bids corresponding to responsive technical proposals, shall be opened by the opening official.
- 36.3 All bidders who submitted responsive technical proposals must be invited to attend the opening of the financial offers/bids.

37. FRAMEWORK AGREEMENTS

- 37.1. Framework agreements where goods, services or works of a technical / specialized nature are required on a recurring basis, for the supply of the goods, services or works may be entered into with contractors. These lists should be established through the competitive bidding process.
- 37.2. The intention to establish a list of approved suppliers should be published in the Government Tender Bulletin, E-Tender & departmental website and the closing time and date for inclusion in the list of approved suppliers should be indicated.
- 37.3. Requirements for admission to the list and criteria should be linked to the numeric value in terms of which applicants will be measured, in terms of capability, resources etc. A predetermined standard method of awarding points should be followed.
- 37.4. The applications received should be evaluated and rejection of applicants should be motivated and recorded.
- 37.5. Once the list of suppliers has been approved, only the successful applicants are approached, depending on the circumstances either by obtaining quotations on a rotation basis or according to the bid procedure when goods, services or works are required with the exception that the requirement is not advertised in the Government Tender Bulletin, departmental web site or e-tender again.
- 37.6. The term of the framework agreement shall not exceed three years.
- 37.7. Framework agreements that are entered into shall not commit the department of work beyond the first order, or bind the employer to make use of such agreements to meet its needs.

38. FRAMEWORK AGREEMENTS BY ANOTHER DEPARTMENT OR ORGAN OF STATE

- 38.1. The end user may request in writing to make use of one or more framework contracts entered into by another department or organ of state.
- 38.2. Such request as approved by the Head of Department shall,

- 38.2.1. outline the scope and anticipated quantum or work associated with the work that is required,
- 38.2.2. Provide a motivation for the use of the framework agreement, and
- 38.2.3. Detail the benefit for the state to derive from making use of the framework agreement.
- 38.3. The Head of Department may approve a request to make uses of the organ of states framework contract, conditionally or unconditionally if,
 - 38.3.1. the framework agreement was put in place following a competitive bidding process,
 - 38.3.2. Confirmation is obtained that the framework contract is suitable for the intended use, and the required goods, services and works fall within the scope of such contract.
 - 38.3.3. The framework contractor agrees in writing to accept an order from that department,
 - 38.3.4. The department undertakes to pay the contractor in accordance with the terms and conditions of the agreement, and
 - 38.3.5. The term of the framework agreement does not expire before the issuing of the required orders.

39. BID VALIDITY

A certification from a bidder of the period of time their bid can be considered valid. After this period, the bidder is at liberty to change their bid price if the contract is not signed by the last date of the bid validity period.

40. VALIDITY PERIODS (CALENDAR DAYS)

- 40.1 The period for which bids are to remain valid and binding must be indicated in the bid documents, but extension of validity period should not exceed 120 days
- 40.2 The validity period is calculated from the bid closure date and bids shall remain in force and binding until the end of the final day of that period.

- 40.3 This period of validity may be extended by the Chairperson of Bid Evaluation Committee, provided that the original validity period has not expired, and that all bidders are given an opportunity to extend such period.
- 40.4 Any such extension shall be agreed to by all bidders in writing.
- 40.5 If any bidder fails to respond or decline to such a request before the bid lapses, will result in the cancellation of the total bid
- 40.6 The responsible official must ensure that all bidders are requested to extend the validity period of their bids where necessary in order to ensure that the bids remain valid throughout the appeal period or until the appeal is finalised.
- 40.7 If bidders are requested to extend the validity period of their bids as a result of an appeal being lodged it must be made clear to bidders that this is the reason for the request.

41. PROCUREMENT OF INFORMATION TECHNOLOGY AND INFORMATION TECHNOLOGY SERVICES

- 41.1 Information Technology-related contracts may be arranged with the assistance/inputs of State Information Technology Agency (SITA) or using existing departmental procurement procedures.
- 41.2 All IT hardware requirements shall adhere to the Information Technology Standards and shall comply with the Asset Management Policy

42. ACCESS TO INFORMATION ACT

The Access to Information Act gives effect to the constitutional right of access to any information held by the State and any information that is held by any other person and that is required for the exercise or protection of any rights. Supply chain management practitioners shall be as open as possible about all the decisions and actions that they take. They shall give reasons for their decisions and restrict information only if it is in the public interest to do so and within the ambit of the Access to Information Act (Act 2 of 2000).

To give effect to access to information about the awarding of bids, while limiting the possible litigation exposure of the Department, the Chief Financial Officer / duly delegated official shall assign the function of communicating to bidders (successful and unsuccessful) or interest parties to an official. Each bidder requesting information shall be provided with the same information.

43. EVALUATION OF BIDS

Tenders or requests for quotation must be evaluated in terms of the evaluation criteria stipulated in the tender or request for quotation documentation:

- (a) Prequalification criteria
- (b) Evaluation of mandatory criteria
- (c) Evaluation in terms of local production and content if part of the tender
- (d) Evaluation of Prequalification criteria
- (e) Evaluation in terms of Functionality if part of the tender
- (f) Evaluation in terms of 80/20 or 90/10 preference point system.

44. TENDERS BASED ON FUNCTIONALITY AS A CRITERION

44.1. Not all tenders should necessarily be invited on the basis of functionality as a criterion. The need to invite tenders on the basis of functionality as a criterion depends on the nature of specific commodity or service taking into account quality, reliability, viability and durability of a service and the tenderer's technical capacity and capability to execute a contract

44.2. When an institution invites a tender or request for quotation that will also be evaluated on functionality as a criterion, the Head of Department or his / her delegated official must clearly specify the following aspects in the tender documents:

44.2.1. Evaluation criteria for measuring functionality

44.2.2. Points for each criterion

44.2.3. The applicable points that will be utilized when scoring each sub-criterion should be objective.

44.2.4. Minimum qualifying score for functionality

44.3. The minimum qualifying score that must be obtained for functionality in order for a tender to be considered further should not be generic. It should be determined separately for each tender on a case by case basis. The minimum qualifying score must not be prescribed so low that it may jeopardize the quality of the service required nor so high that it may be restrictive to the extent that it jeopardizes the fairness of the SCM system.

45. APPLICATION OF PREFERENCE POINT SYSTEMS

45.1. The 80/20 preference point system is applicable to price quotations and tenders with a Rand value equal to, or above R30 000 and up to a Rand value of R50 million (all applicable taxes included).

45.2. The department may apply the 80/20 preference point system to price quotations with a value less than R30 000 if and when appropriate.

45.3. The 90/10 preference point system is applicable to bids with a Rand value above R50 million (all applicable taxes included).

45.4. The threshold value referred to in paragraphs 6.1 and 6.2 distinguishing the 80/20 and 90/10 preference point systems has been increased in the Preferential Procurement Regulations, 2017 from maximum R1 million to R50 million.

45.5. In terms of Regulation 3 the Department must stipulate the preference point system applicable to a tender or price quotation. There are, however, instances where it is uncertain to determine the preference point system applicable during preparation of invitation of a tender.

45.6. If there is uncertainty on the preference point system to be applied, institutions must advertise the tender indicating that the tender will be evaluated on either the 80/20 or 90/10 preference point system. Once a tender is received, the lowest acceptable tender must be used to determine the preference point system to be used for the evaluation of tenders

- 45.7. Where the lowest acceptable tender is below R50 million, the 80/20 preference point system must be used.
- 45.8. If the lowest acceptable tender is above R50 million, the 90/10 preference point system must be used.
- 45.9. If pre-qualification criteria are applicable to the tender or price quotation as envisaged in PPPFA Regulation 2017, regulation 4; the institution must state this clearly in the invitation to tender.
- 45.10. Amending the evaluation criteria after closure of the bids is not allowed.

46. BID EVALUATION COMMITTEE

- 46.1. The Departmental Bid Evaluation Committee shall evaluate the bids and the composition of the Committee panel shall be approved as per the SCM Delegations of Authority.
- 46.2. The Departmental Bid Evaluation Committee shall consist of at least five members. The Supply Chain Management Directorate is to provide secretariat services to the Committee.
- 46.3. When it is deemed necessary, for example when a project of a highly technical nature is evaluated, and with the prior written approval of the Accounting Officer, independent experts may also be co-opted to the Bid Evaluation Committee in an advisory capacity. In addition, officials from within the Department may also be invited in an advisory capacity to present their findings and/or opinions to the Committee.
- 46.4. The Departmental Bid Evaluation Committee is appointed by the Head of Department of prescribed period.
- 46.5. The Director Supply Chain Management or a delegated person will be the Chairperson of the Departmental Bid Evaluation Committee
- 46.6. All members of the Bid Evaluation Committee are required to declare their financial interest at the first evaluation meeting. A register shall be kept for this purpose at the Supply Chain Management Directorate.

47. FUNCTIONING OF THE BID EVALUATION COMMITTEE

- 47.1. The Bid Evaluation Committee is responsible for the evaluation of the functional requirements using the criteria as set out in the bidding documents and shall make recommendations to the Departmental Bid Adjudication Committee after evaluation and completion of the comparative schedules by the Director Supply Chain Management.
- 47.2. For a quorum to exist at least 50% plus 1 of appointed members shall attend. Detailed records shall be kept of all activities of the Bid Evaluation Committee. These records should consist of at least, but are not limited to:
- An agenda
 - Minutes of the meeting
 - Attendance register
 - A list of the bids evaluated in order of recommendation (including the balanced scorecards)
 - Reasons for the priority assigned per the list
 - Declarations of interest by Committee members.

48. BID ADJUDICATING COMMITTEE

- 48.1. The Departmental Bid Adjudicating Committee shall consist of at least five permanent members (of which one shall be the committee chair and one shall be a SCM practitioner) and two Secundi members. The Chief Financial Officer or a delegated person will be the Chairperson of the Departmental Bid Adjudication Committee.
- 48.2. When it is deemed necessary, for example when a project of a highly technical nature is adjudicated, and with the prior written approval of the Accounting Officer, independent experts may also be co-opted to the Bid Adjudicating Committee in advisory capacity. In addition, officials from within the Department may also be invited in an advisory capacity to present their findings and/or opinions to the Committee.
- 48.3. The Accounting Officer shall select and appoint the members of the Bid Adjudicating Committee. The Accounting Officer shall also select the chairperson

of the Committee. All members of the Bid Adjudicating Committee should be cleared at the level of "CONFIDENTIAL" and are required to declare their financial interest annually. A register should be kept for this purpose at the Supply Chain Management Directorate.

- 48.4. The Bid Adjudication Committee shall not evaluate a Bid. The Bid Adjudication Committee is restricted to adjudicating whether the process of procurement was fair, equitable, transparent, competitive and cost effective.
- 48.5. The Director: SCM shall issue a set of guideline to assist the Bid Adjudication Committee in the adjudication process.
- 48.6. Supply Chain Compliance Unit or any delegated official shall check the CSD Report of the recommended bidder, Provincial or National Treasury's (NT) database prior to awarding any contract to ensure that no recommended Bidders, nor any of its Directors, are listed as companies or persons prohibited from doing business with the Public Sector, if listed on the database as "RESTRICTED" the contract shall not be awarded to the specified Bidder.
- 48.7. The quorum for a Bid Adjudicating Committee meeting (ordinary or special) is 60% of the appointed members.
- 48.8. Detailed records shall be kept of all activities of the Bid Adjudicating Committee. These records should consist of at least, but are not limited to:
 - An agenda, including a listing of bids to be adjudicated
 - Minutes of the meeting
 - Attendance register
 - Reasons for the recommendation/non-recommendation of a particular bid
 - Evaluation reports
 - Declaration of interest by Committee members.

49. APPROVAL OF THE BID ADJUDICATING COMMITTEE'S RECOMMENDATIONS

- 49.1. In the Department, the principle that no single individual official shall be in a position to take a decision in isolation regarding the award of a bid shall be applied.
- 49.2. The Bid Evaluation Committee shall be responsible for the evaluation of the bids, the keeping of records with regard to the evaluation performed / recommendations made; the Bid Adjudicating Committee shall be responsible for adjudicating the evaluation made and make recommendations to the Accounting Officer regarding the awarding of the bid.
- 49.3. If the Accounting Officer disagrees with the recommendation of the Committee, the reason(s) thereto shall be submitted in writing to the Bid Adjudicating Committee within a period of two weeks. The Committee should take into account the concerns raised before submitting a second recommendation to the Accounting Officer within two weeks from receiving the initial disagreement. All documents shall be kept for audit purposes.
- 49.4. The Bid Adjudicating Committee shall be informed of any and all decisions made by the Accounting Officer within one month of such a decision.

50. REJECTION OF BIDS AND CANCELLATION OF AWARDED CONTRACTS

- 50.1. The Bid Adjudication Committee shall:
 - 50.1.1. Reject a Bid from a Service Provider who fails to provide written proof from the South African Revenue Service (SARS) or CSD Report that the Service Provider either has no outstanding tax obligations or has made arrangements to meet outstanding tax obligations.
 - 50.1.2. Reject a recommendation for the award of a contract if the Recommended Bidder has committed a corrupt or fraudulent act in competing for the particular contract.
- 50.2. Cancel a contract awarded to a Service Provider of goods or services if:
 - 50.2.1. The Service Provider committed any corrupt or fraudulent act during the Bidding process or the execution of that contract; or

50.2.2. Any official or other role player committed any corrupt or fraudulent act during the Bidding process or the execution of that contract that benefited that Service Provider.

50.3. The Bid Adjudication Committee:

50.3.1. May disregard the Bid of any Bidder if that Bidder or any of its Directors have:

50.3.1.1. Abused the institution's SCM system;

50.3.1.2. Committed fraud or any other improper conduct in relation to the SCM system;

50.3.1.3. Failed to perform on any previous contract if written proof on this matter is available, and

50.3.1.4. Shall inform the Provincial Treasury of any action taken.

50.4 Bids above the delegated authority of District Bid Adjudication Committees shall be:

50.4.1 Processed by the Acquisition Management at Head Office and adjudicated by the Departmental Bid Adjudication Committee;

50.4.2 The Acquisition Manager at Head Office will inform the successful Bidder of a successful Bid;

50.4.3 Approved Bids shall be returned to the Accredited SCM Units for further processing and generation of the Procurement Advice and order.

51. DEVIATIONS TO NORMAL PROCUREMENT PROCEDURES

Deviations to the normal procurement procedures refers to special services, cases of urgency and emergency, cases where the invitation of Bids is not in the best interest of the Department and on Consignment.

52. URGENT

Supplies and/or services may be procured by preferably making use of the list of prospective suppliers in cases where early delivery is of critical importance and the invitation of comparative tenders is either impossible or impracticable. A lack of proper planning, however, shall not be construed as an urgent case.

53. EMERGENCY CASES

- 53.1. Supplies and/or services may be procured by preferably making use of the list of prospective suppliers in emergencies where immediate action is necessary in order to avoid a dangerous or risky situation, misery or want. The principle of competition should however be adhered to as far as possible.
- 53.2. The reasons for deviating from the normal procurement procedures shall be approved by the Accounting Officer as per the SCM: Delegations of Authority duly recorded and filed with the procurement transaction for audit purposes.
- 53.3. Special services are services such as specialist technology/expertise where limited capacity in the market exists e.g. copyright or patents and investigations that require specialized testing and expertise.
- 53.4. Consignment occurs when the Accounting Officer or his delegate gives explicit instruction and where the invitation or adherence to normal procurement processes is not feasible.
- 53.5. Emergency or urgent procurement SHALL NOT be used to circumvent normal procurement procedures, as a result of insufficient stock-levels for items that are used daily, as a result of poor or inadequate planning or as a result of no/insufficient internal communication.
- 53.6. Deviation from normal procurement approval shall be in line with the SCM Delegations of Authority.
- 53.7. In the event the Accounting Officer procures goods and services above the value of R1 million (VAT included) under emergency conditions, the Accounting Officer shall report such procurement details within 10 (ten) working days to the Provincial Treasury and the Auditor-General.
- 53.8. Emergency cases are cases where immediate action is necessary in order to avoid situation of exceptional nature and with approval of the Accounting Officer or delegated

54. ACCOMMODATION AND CONFERENCES

Accommodation and/or facilities for conferences, seminars, workshops, "lekgotlas", etc. should be obtained by means of competitive bidding. Should it not be possible or practical to follow the normal competitive bidding process, the accommodation and/or conference facilities shall be obtained by means of written quotations.

55. FRAMEWORK AGREEMENTS FOR CONSULTANTS

- 55.1. Framework agreements where professional services are required on a recurring basis, for consulting may be entered into with consultants. These lists should be established through the competitive bidding process.
- 55.2. The intention to establish a list of approved consultants should be published in the Government Tender Bulletin, E-Tender & departmental website and the closing time and date for inclusion in the list of approved consultants should be indicated.
- 55.3. Requirements for admission to the list and criteria should be linked to the numeric value in terms of which applicants will be measured, in terms of capability, resources etc. A predetermined standard method of awarding points should be followed.
- 55.4. The applications received should be evaluated and rejection of applicants should be motivated and recorded.
- 55.5. Once the list of consultants has been approved, only the successful applicants are approached, depending on the circumstances either by obtaining quotations on a rotation basis or according to the bid procedure when professional services are required with the exception that the requirement is not advertised in the Government Tender Bulletin, departmental web site or e-tender again.
- 55.6. The term of the framework agreement is one year.
- 55.7. Framework agreements that are entered into shall not commit the department of work beyond the first order, or bind the employer to make use of such agreements to meet its needs.

56. APPOINTMENT OF CONSULTANTS:

- 56.1. In the procurement of consulting services cognisance should be taken of any National Treasury guidelines in this respect, or of Construction Industry Development Board Guidelines in respect of services relating to the built environment and construction works.
- 56.2. The term consultants includes among others, consulting firms, engineering firms, construction managers, management firms, procurement agents, inspection agents, auditors, non-governmental organizations (NGO's) and individuals.
- 56.3. The Head of Department may use consultants to assist in a wide range of activities such as financial services, engineering services, social and environmental studies, preparation and implementation of projects and construction supervision.
- 56.4. Consultants should only be engaged when the necessary skills and / or resources to perform a project /duty /study are not available and the Head of Department cannot be reasonably expected either to train or to recruit people in the time available. The relationship between the Head of Department and the consultant should be one of purchaser / provider and not employer /employee.
- 56.5. All consultants should be selected from the departments pre-approved consultant panel / data-base
- 56.6. Consultants should be selected on rotation per disciplines / or invite all for quote
- 56.7. Consultants should be invited in every three years to register on the consultant database
- 56.8. All appointment of consultants shall be in writing, recommended by the adjudication committee and approved by the Accounting Officer.
- 56.9. The Adjudication Committee recommend the appointment of consultants to render specific services, should they be of the opinion that the department lacks the required skills or necessary capacity and those funds are available within the approved budgets. The responsible manager will be responsible to prepare the Terms of Reference and submission.

57. PRIMARY REASONS FOR APPOINTMENT OF CONSULTANTS

- 57.1. To provide specialized services for limited periods without any obligation of permanent employment;
- 57.2. To benefit from superior knowledge, transfer of skills and upgrading of knowledge base while executing and assignment; and
- 57.3. To provide independent advise on the most suitable approaches, methodologies and solutions of projects

58. APPLICABILITY OF PROCEDURES

The procedures outline herein apply to all contract for consulting services. In the procuring consulting services, the Head of Department should satisfy himself/ herself that:

- 58.1. The procedures to be used will result in the selection of consultants who have the necessary professional qualifications.
- 58.2. The selected consultant will carry out the assignment in accordance with the agreed schedule, and
- 58.3. The scope of the services is consistent with the needs of the projects.

59. MINIMUM REQUIREMENTS WHEN APPOINTING CONSULTANTS

- 59.1. In the procurement of consulting services cognisance should be taken of any National Treasury guidelines in this respect, or of Construction Industry Development Board Guidelines in respect of services relating to the built environment and construction works.
- 59.2. The practice of breaking out (parcelling) consultant appointments in order to circumvent the competitive bidding process is not permitted.
- 59.3. Meeting the highest standards of quality and efficiency;
- 59.4. Obtaining advice that is unbiased, that is being delivered by a consultant acting independently from any affiliation, economic or otherwise, which may cause conflict between the consultants interest and those of the department; and

- 59.5. Ensuring the advice proposed or assignment executed, meeting the ethical principles of the consultancy profession's.
- 59.6. Where the estimated value of the fees exceeds R200 000 (VAT inclusive), or where the duration of the appointment will exceed one year, consulting services shall be procured through a competitive bidding process.
- 59.7. Where the estimated value of the fees is less than or equal to R200 000 (VAT inclusive) and the duration of the appointment is less than one year, the selection of a consultant to provide the required service shall follow a written price quotation or a formal written price quotation procedure as described in this Policy. Responsible agents must endeavor to ensure that there is rotation in respect of inviting suitably qualified consultants to quote.
- 59.8. A price/preference points system, as described in the preferential procurement section of this Policy, must be applied to such quotations.

60. GENERAL APPROACH

The four major considerations guiding the Accounting Officer on the selection includes:

- 60.1. The need for high-quality services;
- 60.2. The need for economy efficiency;
- 60.3. The need to give qualified consultants an opportunity to compete in providing the services; and
- 60.4. The importance of transparency in the selection process.

61. CONFLICT OF INTEREST

- 61.1. Consultants are requested to provide professional, objective and impartial advice and that all times holds the client's interest paramount, without consideration for future work and strictly avoids conflicts with other assignments or their own corporate interests.
- 61.2. Consultants should not be hired for any assignment that would be in conflict with their prior or current obligations to other clients, or that may place them in a position of not being able to carry out the assignment in the best interest of the municipality.

61.3. Without limitation on the generality of this rule, consultants should not be hired under the following circumstances;

61.3.1. A firm, which has been engaged by the accounting officer to provide goods or works for a project and any of its affiliates, should be disqualified from providing consulting services for the same project. Similar, a firm hired to provide consulting services for the preparation or implementation of a project and any Otis affiliates should be disqualified from subsequently providing goods or works or services related to the initial assignment.

61.3.2. Consultant or any of their affiliates should not be hired for any assignment which, by its nature, may conflict with another assignment of the consultants. Example, consultants hired to prepare an engineering design for an infrastructure project should not be engaged to prepare an independent environmental assessment for the same projects. Neither assisting a client in the privatization of public assets should neither purchase nor advise purchasers of such assets.

62. ASSOCIATION BETWEEN CONSULTANTS

Consultants may associate with each other or complement their respective areas of expertise, or for other reasons. Such an association may be for long term assignment (independent of any particular assignment) or for a specific assignment.

The association may take the form of a joint venture and all parties involved must sign the contract that they are jointly and separately liable for the entire assignments.

63. SELECTION METHODS FOR THE APPOINTMENT OF CONSULTANTS

- (a) Quality and Cost based selection;
- (b) Quality based selection;
- (c) Selection under a fixed budget;
- (d) Least cost selection;
- (e) Single source selection;

63.1 QUALITY AND COST BASED SELECTION

63.1.1. The Head of Department shall be responsible for preparing and implementing of the project, for selecting the consultant, awarding and subsequently administering the contract.

63.1.2. While the specific rules and procedures to be followed for selecting consultants depend on the circumstances of the particular case, at least the following four major considerations should guide the accounting officer's/authority's policy on the selection process:

- the need for high-quality services;
- the need for economy and efficiency;
- the need to give qualified consultants an opportunity to compete in providing the services; and
- the importance of transparency in the selection process.

63.1.3. In the majority of cases, these considerations can best be addressed through competition among firms in which the selection is based both on the quality of the services to be rendered and on the cost of the services to be provided (Quality- and Cost-Based selection [QCBS]) However, there are cases when QCBS is not the most appropriate method of selection. For complex or highly specialized assignments or those that invite innovations, selection based on the quality of the proposal alone (Quality-Based Selection [QBS]), would be more appropriate. Other methods of selection and the circumstances in which they are appropriate are outlined.

63.1.4. The particular method to be followed for the selection of consultants for any given project should be selected by the head of department or his/he delegated in accordance with the criteria outlined in this guide.

63.1.5. A service provider may not recruit or shall not attempt to recruit an employee of the principal for purposes of preparation of the bid or for the duration of the execution of this contract or any part thereof.

63.2 Quality based Selection (QBS)

63.2.1 QBS is appropriate for the following types of assignments:

- Complex or highly specialized assignments for which it is difficult to define precise TOR's and the required input from the consultants and for which the client expects the consultants to demonstrate innovation in their proposals,
- Assignments that have a high downstream impact and in which the objective is to have the best experts, and
- Assignments that can be carried out in substantially different ways, such that proposals will not be comparable.

63.2.2 In QBS, it may be necessary to request submission of a technical proposal only (without the financial proposal), or request submission of both technical and financial proposals at the same time, but in separate Envelopes (two-envelope system).

63.2.3. The RFB should not disclose the estimated budget, but it may provide the estimated number of key staff time, specifying that this information is given as an indication only and that consultants are free to propose their own Estimates. If technical proposals alone were invited, after evaluating the technical proposals using the same methodology as in QCBS, and request the consultant with the highest ranked technical proposal to submit a detailed financial proposal.

63.2.4. The accounting officer and the consultant should then negotiate the financial proposal and the Contract. All other aspects of the selection process should be identical to those of QCBS. If, however, consultants were requested to provide financial proposals initially together with the technical proposals, safeguards should be built in to ensure that the price envelope of only the selected proposal is opened and the rest returned unopened, after the negotiations are successfully concluded.

63.3 Selection under a fixed budget

63.2.3 This method is appropriate only when the assignment is simple and can be precisely defined and when the budget is fixed. The RFB should indicate the

available budget and request the consultants to provide their best Technical and financial proposals in separate envelopes, within the Budget.

63.2.4 The TOR should be particularly well prepared to ensure that the budget is sufficient for the expected tasks. Evaluation of all technical proposals should be carried out first as in the QCBS method, where after the price envelopes should be opened in Public. Proposals that exceed the Indicated budget should be rejected. The consultant who has submitted the highest ranked technical proposal should be selected and invited to negotiate a contract

63.3 Least – cost selection

63.3 LEAST-COST SELECTION

63.3.1 This method is more appropriate to selection of consultants for assignments of a standard or routine nature (audits, engineering design of non-complex works, and so forth) where well-established practices and standards exist and in which the contract amount is small. Under this method, a minimum qualifying mark for the functionality is established. Proposals to be submitted in two envelopes are invited.

63.3.2 Technical envelopes are opened first and evaluated. Those securing less than the minimum mark should be rejected and the financial envelopes of the rest are opened in public. The firm with the highest points should then be selected.

63.3.3 Under this method, the qualifying minimum mark should be established, keeping in view that all proposals above the minimum compete only on price and profile as set out in the PPPFA. The minimum mark to qualify should be stated in the RFB.

63.5 Selection based on consultant's qualification

This method may be used for very small assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases, the accounting officer should prepare the TOR, request expressions of interest and information on the consultants' experience and competence relevant to the assignment and select the firm with the most appropriate qualifications references. The selected firm should be requested to submit a

combined technical financial proposal and then be invited to negotiate the contract.

64. SINGLE-SOURCE SELECTION

- 64.1. National Treasury Guidelines provide for single-source selection in exceptional cases. The justification for single-source selection must be examined in the context of the overall interests of the Department and the project.
- 64.2. Single-source selection of consultants does not provide the benefits of competition in regard to quality and cost and lacks transparency in selection and could encourage unacceptable practices. Therefore, single-source selection should be used only in exceptional cases. The justification for single-source selection should be examined in the context of the overall interests of the client and the project.
- 64.3. Where, in exceptional instances, it is impractical to appoint the required consultants through a competitive bidding process and a South African based consultant is used the Guidelines on Hourly Fee Rates for Consultants issued by the Department of Public Service and Administration should be used as a benchmark to establish the appropriate tariffs, or to determine the reasonableness of the tariffs.
- 64.4. The reasons for single-source selection must be fully motivated in a report and approved by the Bid Adjudication Committee prior to conclusion of a contract, provided that if the award is for an amount of R200 000 (VAT inclusive) or less, such award shall be approved by the Director : Supply Chain Management.
- 64.5. Single-source selection may be appropriate only if it presents a clear advantage over competition:
 - For tasks that represent a natural continuation of previous work carried out by the firm;
 - Where a rapid selection is essential (for example, in an emergency operation);
 - For very small assignments; or

- When only one firm is qualified or has experience of exceptional worth for the assignment.

64.6. The reasons for a single-source selection should be recorded and approved by the accounting officer prior to the conclusion of a contract.

64.7. When continuity for downstream work is essential, the initial RFB should outline this prospect and if practical, the factors used for the selection of the consultant should take the likelihood of continuation into account. Continuity in the technical approach, experience acquired and continued professional liability of the same consultant may make continuation with the initial consultant preferable to a new competition, subject to satisfactory performance in the initial assignment. For such downstream assignments, the initially selected consultant should be asked to prepare technical and financial proposals on the basis of TOR which should then be negotiated.

64.8. If the initial assignment was not awarded on a competitive basis or was awarded under tied financing or if the downstream assignment is substantially larger in value a competitive process acceptable to the accounting officer should normally be followed in which the consultant carrying out the initial work is not excluded from consideration if it expresses interest.

65. SELECTION OF INDIVIDUAL CONSULTANTS

65.1. Individual consultants may normally be employed on assignments for which:

- Teams of personnel are not required;
- No additional outside (home office) professional support is required; and
- The experience and qualifications of the individual are the paramount requirement.

65.2. When coordination, administration, or collective responsibility may become difficult because of the number of individuals, it would be advisable to employ a firm.

65.3. Individual consultants should be selected on the basis of their qualifications for the assignment. They may be selected on the basis of references or through comparison of qualifications among those expressing interest in

the assignment or approached directly by the accounting officer / authority. Individuals employed by the accounting officer / authority should meet all relevant qualifications and should be fully capable of carrying out the assignment. Capability is judged on the basis of academic background, experience and as appropriate, knowledge of the local conditions, such as local language, culture, administrative system and government organization.

65.4. From time to time, permanent staff or associates of a consulting firm may be available as individual consultants. In such cases, the conflict of interest provisions described in these guidelines should apply to the parent firm.

66. SELECTION OF PARTICULAR TYPES OF CONSULTANTS

66.1. Use of Non-governmental Organizations consultants (NGOs).

NGOs are voluntary non-profit organizations that may be uniquely qualified to assist in the preparation, management, and implementation of projects, essentially because of their involvement and knowledge of local issues, community needs, and/or participatory approaches. NGO's may be included in the short list they express interest and provided that the accounting officer is satisfied with their qualifications. For assignments that emphasize participation and considerable local knowledge, the short list may be entirely NGO's. If so, the QCBS procedure should be followed and the evaluation criteria should reflect the unique qualifications of NGOs, such as voluntarism, non-profit status, local knowledge, scale of operation, and reputation. An accounting officer may select the NGO on a single-source basis, provided the criteria outlined for single source selection are fulfilled.

66.2. Auditors.

Auditors typically carry out auditing tasks under well-defined TOR and professional standards. They should be selected according to QCBS. When consultants are appointed to execute an audit function on behalf of the accounting officer / authority, the tariffs agreed by the Auditor-General and the South African Institute for Chartered Accountants (SAICA) may be used

as a guideline to determine the appropriate tariff or to determine the reasonableness of the tariffs. These tariffs can be obtained from SAICA's website under www.saica.co.za. The tariffs are captured in a circular issued by SAICA.

67. DIAGRAM TO CHOOSE THE APPROPRIATE METHOD OF SELECTION:

CHARACTERISTICS OF ASSIGNMENT	METHOD TO SELECTED
An assignment that is not complex or specialised	Use Quality and Cost Based Selection
A complex or high specialised assignment for which consultants are expected to demonstrate innovation in their proposals (e.g. financial sector reforms).	Use Quality Based Selection (QBS)
An assignment that has a high downstream impact and requires the best available experts (e.g. management studies of large government agencies).	Use Quality Based Selection (QBS)
An assignment that could be carried out in substantially different ways, hence proposals will not be comparable (e.g. sector and policy studies in which the value of the	Use Quality Based Selection (QBS)
A simple assignment, which is precisely defined and the budget fixed.	Use "selection under a fixed budget" but evaluate technical proposals first as in QCBS
A standard or routine assignment (e.g. and audit engineering design of noncomplex work)	Use "least-cost selection "as detailed in 5.10.3. Potential suppliers may be obtained from the list of approved services providers.
A very small assignment which does not justify the preparation and evaluation of competitive proposals	Selection based on Consultants "qualification as detailed in 5.10.4. Potential suppliers may be obtained

	from the list of approved services providers
A task that represents a natural continuation of previous work carried out by the firm	Use single-source selection
An emergency operation	Use single-source selection
An assignment where only one firm is qualified or has experience of exceptional worth for the assignment	Use single-source selection
Any other situation	Use "quality and cost based selection, either by requesting a Bid or a proposal.

68. REQUEST FOR BIDS (RFB)

68.2. Preparation of the terms of reference (tor)

68.3. The scope of the services described should be compatible with the available budget.

68.4. The TOR should define clearly the task directive (methodology), objectives, goals and scope of the assignment and provide background information, including a list of existing relevant studies and basic data, to facilitate the consultants' preparation of their bids.

68.5. Time frames linked to various tasks should be specified, as well as the frequency of monitoring actions. The respective responsibilities of the accounting officer and the consultant should be clearly defined.

68.6. The evaluation criteria, their respective weights, the minimum qualifying score for functionality and the values that will be applied for evaluation should be clearly indicated

68.7. The evaluation criteria should include at least the following:

- Consultant's experience relevant to assignment;
- The quality of the methodology;
- The qualifications of key personnel; and

- The transfer of knowledge (where applicable).
- 68.8. In more complicated projects, provision may also be made for pre-bid briefing sessions or presentations by bidders as part of the evaluation process.
- 68.9. Preference point system in terms of the PPPFA and its associated Regulations will be applicable.
- 68.10. If transfer of knowledge or training is an objective, it should be specifically outlined along with details of number of staff to be trained, etc. To enable consultants to estimate the required resources. The TOR should list the services and surveys necessary to carry out the assignment and the expected outputs (for example reports, data, maps, surveys, etc.), where applicable.
- 68.11. Evaluation criteria could be divided into sub criteria. Preparation of a well-thought-through cost estimate is essential if realistic budgetary resources are to be earmarked.
- 68.12. The TOR should specify the validity period (Normally 60 – 90 days).
- 68.13. The TOR should form part of the standard bid documentation to be approved by the Bid Specification committee.

69. RISK MANAGEMENT SYSTEM

The risks pertaining to Supply Chain Management should at all times comply with the criteria laid down in the risk management policies of the Department.

69.1. General risk management

- 69.1.1. Risk Management shall provide for an effective system for the identification, consideration and avoidance of potential risks in the Department's supply chain management system.
- 69.1.2. Managing risk must be part of the Department's, practices and business plans and should not be viewed or practiced as a separate activity in isolation from line managers.
- 69.1.3. Risk Management shall be an integral part of effective management practice.

69.2. Risk Management Process

- 69.2.1. The risk management process shall be applied to all stages of supply chain management, be it the conceptual stage, project definition, specification preparation, acquisition approval or implementation to completion.
- 69.2.2. Risk management is an integral part of good management of acquisition activities and cannot be effectively performed in isolation from other aspects of acquisition management.
- 69.2.3. Appropriate risk management conditions should therefore be incorporated in contracts.

69.3. Key Principles

The key principles on managing risk in supply chain management include:

- 69.3.1. early and systematic identification of risk on a case-by-case basis, analysis and assessment of risks, including conflicts of interest and the development of plans for handling them;
- 69.3.2. allocation and acceptance of responsibility to the party best placed to manage risk;
- 69.3.3. management of risks in a pro-active manner and the provision of adequate cover for residual risks;
- 69.3.4. assignment of relative risks to the contracting parties through clear and unambiguous contract documentation;
- 69.3.5. acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it; and
- 69.3.6. ensuring that the costs incurred in managing risks are commensurate with the importance of the purchase and the risks to the operations.

70. PERFORMANCE MANAGEMENT SYSTEM

The Head of Department or his / her delegated must establish and implement an internal monitoring system in order to determine the basis of a retrospective analysis whether the authorised Supply Chain Management processes were followed and whether the objectives of this Policy were achieved.

70.1. Performance management shall accordingly be characterised by a monitoring process and retrospective analysis to determine whether:

- value for money has been attained;
- proper processes have been followed;
- desired objectives have been achieved;
- there is an opportunity to improve the process;
- suppliers have been assessed and what that assessment is; and
- there has been deviation from procedures and, if so, what the reasons for that deviation are.

70.2. The performance management system shall accordingly focus on, amongst others:

- achievement of goals;
- compliance to norms and standards;
- savings generated;
- cost variances per item;
- non-compliance with contractual conditions and requirements; and
- the cost efficiency of the procurement process itself.

70.3. It is recommended that at the completion stage of each project an assessment of the supplier/service provider (including consultants where applicable) be undertaken and that this assessment should be available for future reference.

71. SERVICE PROVIDER NON-PERFORMANCE

Non-performance by service providers is defined as “*non-achievement of the project objective and non-delivery of the predetermined and contracted deliverables*”. The consequences of and recourse for service provider non-performance shall be clearly detailed in the contract signed by both parties at the conclusion of the acquisition process and shall primarily include non-payment of invoices until the requisite deliverables have been met. It may however warrant termination of the contract and further penalties to cover the departmental cost of re-bidding

72. NON-COMPLIANCE

- 72.1. Program managers and officials will be held accountable for any Irregularities related to Supply Chain Management
- 72.2. Officials shall comply with the Standard Operating Procedures issued in terms of this policy.
- 72.3. Where an official is suspected of breaching the policy, an internal investigation shall be undertaken and depending on the outcome, Departmental, civil and/or criminal legal action shall be instituted against the employee.
- 72.4. Any disciplinary action arising for breach of this policy will be taken according to the disciplinary code and grievance procedure of the Department.

73. CODE OF ETHICAL STANDARDS

In addition to this Code of Ethical Standards, the codes of conduct for employees shall apply in the application of this Supply Chain Management Policy.

- 73.1. A code of ethical standards is hereby established for officials and all roll players in the supply chain management system in order to promote:
- mutual trust and respect; and
 - an environment where business can be conducted with integrity and in a fair and reasonable manner.
- 73.2. An official or other role player involved in the implementation of the supply chain management policy:
- must treat all providers and potential providers equitably;
 - may not use his or her position for private gain or to improperly benefit another person;
 - 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;
 - must declare to the Head of Department 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;

- must declare to the Head of Department 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 of, or in any award of a contract by, the Department;
- must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
- must be scrupulous in his or her use of property belonging to the Department;
- must assist the Head of Department of his / her delegated in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
- must report to the Head of Department any alleged irregular conduct in the supply chain management system which that person may become aware of, including;
 - any alleged fraud, corruption, favouritism or unfair conduct
 - any alleged contravention of this policy; or,
 - any alleged breach of this code of ethical standards.
- An employee honours the confidentiality of matters, documents and discussions, classified or implied as being confidential or secret.

73.3. Declarations must be recorded in a register which the Head of Department must keep for this purpose.

73.4. The Department has adopted the National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management. This code of conduct is binding on all officials and other role players involved in the implementation of the supply chain management policy.

73.5. A copy of the National Treasury code of conduct is available on the website www.treasury.gov.za/pfma located under "legislation"

74 Inducements, rewards, Gifts and Favours

- 74.1 No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant:
- 74.2 any inducement or reward to the Department for or in connection with the award of a contract; or
- 74.3 any reward, gift, favour or hospitality to any official or any other role player involved in the implementation of the supply chain management policy.
- 74.4 The Head of Department must promptly report any alleged contravention of to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- 74.5 The only possible exception to this rule are gifts of an inexpensive/ seasonal nature such as business diaries, calendars' or pens. If accepted it should be done in accordance with the policy of the relevant department and the extent of the gift should not be so substantial as to lead the reasonable person to believe that it would have had an impact on the decision making process
- 74.6 Any attempt by suppliers to undermine the honesty of the official by the offering gifts or other inducements must be reported to the Accounting Officer. If doubt exists whether the gift may be accepted, it should rather be declined or referred to senior management. .

75 SPONSORSHIP

- 75.1 The Head of Department must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is:
- a provider or prospective provider of goods or services; or
 - a recipient or prospective recipient of goods disposed or to be disposed.

76 RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES

76.1 The Head of Department shall appoint an independent and impartial person not directly involved in the supply chain to assist in the resolution of disputes between the Department and other persons regarding:

- any decisions or actions taken in the implementation of the supply chain management system; or
- any matter arising from a contract awarded in the course of the supply chain management system; or
- to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

76.2 The Head of Department, or another official designated by the Head of Department is responsible for assisting the appointed person to perform his or her functions effectively.

- The person appointed must;
- strive to resolve promptly all disputes, objections, complaints; or
- queries received; and
- submit monthly reports to the Head of Department on all disputes, objections, complaints or queries received, attended to or resolved.

76.3 A dispute, objection, complaint or query may be referred to the relevant provincial treasury if;

- the dispute, objection, complaint or query is not resolved within 60 days; or
- no response is forthcoming within 60 days.
- If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.
- The provisions above must not be read as affecting a person's rights to approach a court at any time.

77 Preferential Procurement

77.1 Introduction

The following procurement strategies are addressed in this section:

77.1.1 the development of a preference system for enterprises owned by Historically Disadvantaged Individuals; and

77.1.2 the targeting of other specific goals.

77.2 In terms of the legislation other specific goals may be regarded as a contribution towards achieving goals and as such may be granted preference points in the adjudication of bids

77.3 Preferential procurement is further enhanced with provisions aimed at improved access to information, simplification of documentation, reduced payment cycles and good governance.

77.4 Preferential Procurement allows for the establishment of procurement initiatives such as joint-venture partnerships, public-private partnerships and unbundling as well as other best practices of procuring Goods, Services and Construction Works

78. OTHER SPECIFIC GOALS

The following activities may be regarded as a contribution towards achieving the goals and as such may be granted preference points in the adjudication of bids:

- the promotion of South African owned enterprises;
- the promotion of Designated groups which are at least 51% owned by:
 - (i) black people
 - (ii) black people who are youth
 - (iii) black people who are women
 - (iv) black people with disabilities
 - (v) black people who are military veterans
 - (vi) black people that formed a cooperative (primary, secondary or tertiary cooperative)
 - (vii) black people living in rural areas or underdeveloped area or townships.
 - (viii) EME or QSE
- the creation of new jobs or the intensification of labour absorption (which has been interpreted, for the purposes of this policy, to include the employment of local labour);

- the promotion of enterprises located in a specific region for work to be done or services to be rendered in that region;
- the promotion of enterprises located in a specific municipal area for work to be done or services to be rendered in that municipal area (the municipal area may, for the purposes of this guide, be narrowed down to smaller local areas such as suburbs or wards);
- the promotion of enterprises located in rural areas

The targeting of other specific goals in contracts may be achieved by requiring bidders to either bid a contract participation goal from within a specified minimum range and from which preference points may be calculated; or by inviting contractors to claim preference points based on an appropriate predetermined empowerment indicator; or by simply specifying a minimum contract participation goal in the contract documentation, which the contractor will be required to meet in the execution of the project, but for which no additional preference points will be granted.

79. ADJUDICATION OF BIDS

An 80/20 preference point system is stipulated for procurement with an estimated value of greater than R30 000, but less than or equal to R50 000 000, and a 90/10 preference point system of procurement with an estimated value of greater than R50 000 000.

This means that either 80 or 90 points, depending on the class of contract, are awarded to the person who bids/quotes the lowest price, and proportionately fewer points are awarded to those with higher prices. Either 20 or 10 points are then available as preference points and other specific goals.

Adjudication points calculated for both price and preference shall be rounded off to the nearest two decimal places.

79.1. Cancellation and Re-invitation of Bids

It is a requirement that in the event of:

- 79.1.1. an 80/20 preference point system having been stipulated in the bid/quote documents, and all bids received exceed a value of R50 000 000; or

79.1.2. a 90/10 preference point system having been stipulated in the bid documents, and all bids received are equal to, or below a value of R50 000 000, then the bid/quote must be cancelled, and new bids must be invited.

79.1.3. If new bids/quotes are invited, a revised preference point system, either 90/10 or 80/20 as applicable, must be clearly stipulated in the bid documents.

79.2. Points for Price (where no points are granted for functionality)

79.2.1. A maximum of 80 points is allocated to price on the following basis:

$$N_p = 80 \left[1 - \frac{(P - P_m)}{P_m} \right]$$

Where: N_p = the number of adjudication points awarded for price.

P = the bid/quoted sum (corrected if applicable) of the bid/quote under consideration.

P_m = the bid/quoted sum (corrected if applicable) of the lowest bid/quote.

79.2.2. A maximum of 90 points is allocated to price on the following basis:

$$N_p = 90 \left[1 - \frac{(P - P_m)}{P_m} \right]$$

Where: N_p = the number of bid adjudication points awarded for price.

P = the bid sum (corrected if applicable) of the bid under consideration.

P_m = the bid sum (corrected if applicable) of the lowest bid.

79.3. Points for Preference

79.3.1. A maximum of 20 points is allocated to preference on the following basis:

$$N_g = 20 \left(\frac{\% \text{ HDI}}{100} \right)$$

Where: N_g = the number of bid adjudication points awarded for preference.

%HDI = the percentage of HDI ownership of the bidder under consideration.

Note 1. It is only the equity ownership of the bidder in the capacity of prime contractor that is considered in this formula.

If a joint venture partnership bids as a prime service provider, the joint venture agreement must state the percentage of the contract value to be managed or executed by the parties thereto. The adjudication points for HDI equity

ownership shall then be calculated on the pro rata contribution of each of the parties to the joint venture partner

79.3.2. A maximum of 10 points is allocated to preference on the following basis:

$$Ng = \frac{10 (\% \text{ HDI})}{100}$$

Where: Ng = the number of bid adjudication points awarded for preference.

%HDI = the percentage of HDI ownership of the bidder under consideration .

Note 1. It is only the equity ownership of the bidder in the capacity of prime contractor that is considered in this formula.

If a joint venture partnership bids as a prime service provider, the joint venture agreement must state the percentage of the contract value to be managed or executed by the parties thereto. The adjudication points for HDI equity ownership shall then be calculated on the pro rata contribution of each of the parties to the joint venture partner

80. EVALUATION OF RESPONSIVENESS OF BIDS BASED ON FUNCTIONALITY (QUALITY)

80.1.1. Functionality (otherwise known as quality) may be included in the bid/quotation documents as a qualifying (eligibility) criterion.

80.1.2. Bids for Goods and Services functionality as an eligibility criterion will be the exception rather than the rule, but may be applied to those bids of a more complex or specialist nature and/or of a higher value. Using functionality as an eligibility criterion will however be the norm in respect of bids for professional services.

80.1.3. When including the evaluation of functionality in a bid/quotation document, the evaluation criteria for measuring functionality, the maximum possible score for each criterion, and a minimum total qualifying score for functionality, must be clearly indicated in the bid/quotation documents.

80.1.4. A bid/quotation must be disqualified (declared non-responsive) if it fails to achieve the minimum total qualifying score for functionality as indicated in the bid/quotation documents.

- 80.1.5. Bids/quotations that have achieved the minimum total qualification score for functionality as indicated in the bid/quotation documents must be evaluated further in terms of the preference point systems.

81. ACTION IN RESPECT OF FRAUD OR NON-PERFORMANCE

The Head of Department must, upon detecting that a preference in terms of the PPPFA and the regulations there under has been obtained on a fraudulent basis, or any specified goals are not attained in the performance of the contract, act against the person awarded the contract.

The Head of department may in addition to any other remedy:

- 81.1. recover all costs, losses or damages it has incurred or suffered as a result of that person's conduct;
- 81.2. cancel the contract and claim any damages it has suffered as a result of having to make less favourable arrangements due to such cancellation;
- 81.3. impose a financial penalty more severe than the theoretical financial preference associated with the claim which was made in the tender; and
- 81.4. Restrict the service provider, its shareholders and directors from obtaining business from Government for a period not exceeding 10 years
- 81.5. To report and listed the service provider as a defaulter and or restricted services provider.

82. RESTRICTION OF SUPPLIERS

- 82.1. Notwithstanding the imposition of any penalties that may be applied under this Policy, if a supplier is found guilty of misrepresenting any facts in respect of either ownership or empowerment indicator, either in a bid submission, quo or on the supplier database, in order to effect the outcome of a bid/quote, either before or after the award of a contract, then that supplier shall, with the approval of the

Director Supply Chain Management, be restricted on the supplier database for a period of twelve months and shall notify accordingly

82.2. The effect of such restriction is that absolutely no further work may be awarded to that supplier for the duration of the restriction.

83. PREFERENTIAL PROCUREMENT REGULATIONS 2001

Where this Policy does not provide for a matter regulated by the Preferential Procurement Regulations, 2001, the provisions of the regulations will prevail in respect of a "tender" as defined in the regulations.

84. REVIEW

This Comprehensive Departmental SCM Policy will be updated from time to time when necessary with new developments on legislation, trends and best practices. The Policy will be updated through Annexures.

85. RESPONSIBILITIES AND OBLIGATIONS

Overall responsibility for the implementation of this policy rests with the duly delegated Director: Supply Chain Management. Further responsibilities assigned to the Program Managers and the Supply Chain Management Directorate.

Approved by:

ADMINISTRATOR:



MR. S. THOBAKGALE

DATE : 13/03/2019