

DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM



SUPPLY CHAIN MANAGEMENT POLICY

TABLE OF CONTENTS

CONTENTS	PAGE NO.
1. Definitions	5
<u>CHAPTER 1</u>	
<u>ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY</u>	
2. Supply Chain Management Policy	7
3. Adoption and amendment of the Supply Chain Management (SCM) Policy	8
4. Delegation of supply chain management powers and duties	9
5. Oversight role of Provincial Supply Chain Management Unit in Provincial Treasury	10
<u>CHAPTER 2</u>	
<u>FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT</u>	
6. Format for supply chain management	11
Part 1: Demand Management	
7. System of Demand Management	11
Part 2: Acquisition Management	
8. System of Acquisition Management	12
9. Acquisition processes and threshold values	14
10. Requirements for quotations, bids and expenses related to catering	16
11. Lists of accredited prospective service providers	17
12. Acquisition of goods by means of petty cash purchases	18
13. Written or verbal quotations	18
14. Formal written price quotations	18
15. Competitive bidding process	20
16. Procedure for handling, opening and recording of bids	23
17. Local Production and content	24
18. Committee system for acquisition	30
19. Acquisition of Banking Services	40
20. Acquisition of Information Technology related goods or services	41
21. Acquisition of goods and services under contracts secured by National and Provincial Treasury	41
22. Acquisition of goods necessitating special safety arrangements	41
23. Appointment of Consultants	41
24. Deviation from Acquisition processes in an urgent or emergency situation	42

25.	Unsolicited Bids	43
26.	Contracts providing for compensation based on turnover	44
27.	Combating of abuse of supply chain management system	44
28.	Provincial Supply Chain Management non-compliance mechanism	44
29.	Compliance with ethical standards	45
30.	National Industrial Participation Program	46
31.	Reporting of supply chain management information	46
32.	Debriefing of unsuccessful bidders	45
	Part 3: Logistics Management	
33.	System of Logistics Management	46
	Part 4: Disposal Management and Letting of State Assets	
34.	A system of disposal and letting of state assets management	48

CHAPTER 3

35.	General	48
-----	---------	----

CHAPTER 4

36.	Risk Management	48
-----	-----------------	----

CHAPTER 5

37.	Provincial Supply Chain Mechanism for dealing with non-compliance	48
1.	Definition and application	49
2.	Provincial Departmental Grievance Review Committee (DGRC) Framework	49
3.	Non-compliance mechanism	50
4.	Responsibilities of accounting	51
5.	Institutional mechanism in dealing with Supply Chain non-compliance	52
6.	Role of the Treasury In managing the outcomes of the supply chain management Non-compliance mechanism	53
7.	Provincial Grievance Review Committee (PGRC) Framework	53
8.	Composition and powers of the Grievance Review Committee	54
9.	Basis for filing grievances regarding non-compliance	55
10.	Grievance format	55
11.	Grievance resolution process	56

CHAPTER 6

38.	Performance Management	63
39.	Sponsorships	63
40.	Timeous Payment of accounts	63
41.	Commencement	64

1. DEFINITIONS

1.1 In this policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the regulations has the same meaning as in the Regulations, and-

"accounting officer" means a person mentioned in section 36 of the Public Finance Management Act (29: 1999);

"accounting authority" means a body or person mentioned in section 49 of the Public Finance Management Act (29: 1999);

"competitive bid" means a bid in terms of a competitive bidding process;

"competitive bidding process" means a competitive bidding process referred to in paragraph C(iii) of this policy;

"Department" means a national or provincial department;

"Designated Sector" means sector designated for local production and content

"final award" in relation to bids or quotations submitted for a contract, means the final decision on which a bid or quote is accepted;

"formal written price quotations" means quotations referred to in paragraph C(ii) of this policy;

"in the service of the state" means to be-

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

"list of accredited prospective providers or provincial database of accredited prospective suppliers" means the list of accredited prospective providers or suppliers that provincial treasury will keep, update and distribute to all users in terms of paragraph 11 of this policy;

"long terms contract" means a contract with a duration period exceeding one year;

"MEC for Finance" means the member of an Executive Council of a province responsible for finance in the province;

"National Treasury" means the National Treasury established by section 5.

"Non Designated sector" means sector not designated for local production and content

"other applicable legislation" means any other legislation applicable to provincial supply chain management refer to Chapter 1 paragraph 2.1,

"prescribe" means prescribe by regulation or instruction in terms of section 76;

"provincial department" means-

- (a) a provincial administration listed in Schedule 1 of the Public Service Act, 1994; or
- (b) a department within a provincial administration and listed in Schedule 2 of that Act;

"provincial government business enterprise" means a entity which-

is a juristic person under the ownership control of a provincial executive;

- (a) has been assigned financial and operational authority to carry on a business activity;
- (b) as its principal business, provides goods or services in accordance with ordinary business principles; and

is financed fully or substantially from sources other than-

- (i) a Provincial Revenue Fund; or
- (ii) by way of a tax, levy or other statutory money;

"provincial public entity" means-

a provincial government business enterprise; or

- (a) a board, commission, company, corporation, fund or other entity (other than a provincial government business enterprise) which is-
 - (i) established in terms of legislation or a provincial constitution;
 - (ii) fully or substantially funded either from a Provincial Revenue Fund or by way of a tax, levy or other money imposed in terms of legislation; and
 - (iii) accountable to a provincial legislature;

"provincial treasury" means a treasury established in terms of section 17;

"public entity" means a national or provincial public entity;

"regulation" means the Regulations published in terms of the Public Finance Management Act, 1999, Gazette Number 25767 dated 05 December 2003;

"transversal contract" means a contract arrange for more than one department or for more than one level of government e.g. national as well as provincial government;

"treasury" means the National Treasury or a provincial treasury, as may be appropriate in the circumstances;

"Treasury guidelines" means any guidelines on supply chain management issued by the Minister in terms of section 76(4) (c) of the Public Finance Management Act, Act 29 of 1999;

"written or verbal quotations" means quotations referred to in paragraph 13 of this policy;

ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. SUPPLY CHAIN MANAGEMENT POLICY

2.1 The Northern Cape Provincial Government (NCPG) resolved in terms of Sections 76 4(c) and 38 (1)(iii) of the Public Finance Management Act (PFMA), 1999 and Chapter 16A of Treasury Regulations, promulgated in Government Gazette Number 27388 on 15 March 2005 and Northern Cape Executive Council Resolution: No. 48/2006(04) dated 5 April 2006, to implement a Supply Chain Management (SCM) Policy that gives effect to:-

- (i) section 217 of the Constitution;
 - (ii) sections 76 4(c) and 38 (1)(iii) of the PFMA;
 - (iii) the Preferential Procurement Policy Framework Act (PPPFA), 05: 2000 and its Regulations; and
 - (iv) Northern Cape Provincial Supply Chain Management Policy as approved per Executive Council Resolution: No. 48/2006 (04) dated 5 April 2006.
- (a) that is fair, equitable, transparent, competitive and cost effective and complies with
- (i) Prescripts as per Chapter 16A of Treasury Regulations;
 - (ii) Minimum Norms and Standards prescribed by National Treasury as well as the Northern Cape Provincial Treasury;
 - (iii) Regulatory Framework for Supply Chain Management (SCM) in terms of PFMA, 1999; and
 - (iv) Northern Cape Provincial Supply Chain Management Policy as approved per Executive Council Resolution: No. 48/2006(04) dated 5 April 2006.
- (b) is consistent with other applicable legislation:
- (i) Broad Based Black Economic Empowerment Act (BBBEEA);
 - (ii) Corruption Act, 1998 – anti-corruption measures and practices;
 - (iii) Competition Law and Regulations;
 - (iv) Promotion of Administrative Justice Act, 2000;
 - (v) National Archives of South Africa Act, 1996;
 - (vi) The National Small Business Act
 - (vii) Construction Industry Development Board Act, 2000 (Act no. 38 of 2000)
 - (viii) State Information Technology Amendment Act, 2002 (SITA)
- (c) is also consistent with other Policy objectives;
- (d) does not undermine the objective of uniformity in Supply Chain Management systems between organs of state in all spheres.

2.2 Provincial Departments and public entities **SHALL NOT** act in contravention with this Supply Chain Management Policy when -

- (a) Acquiring goods or services;
- (b) disposing of goods no longer required;
- (c) the letting of state assets;

- (d) appointment of consultants as per prescripts and in line with Department of Public Service Administration (DPSA) rates; or other professional bodies e.g. for construction and related services association or valuers etc.

3. ADOPTION AND AMENDMENT OF THE SUPPLY CHAIN MANAGEMENT (SCM) POLICY

- 3.1 The Provincial SCM Unit will review the Policy continuously according National Treasury's prescripts, Provincial needs and applicable legislation. Practice notes will be issued to communicate changes.
- 3.2 Provincial Departments and Public Entities must align their SCM policies with the Provincial Policy and submit copies to the Provincial SCM Unit for verification. Accounting Officers must review their Policy and implementation annually and when necessary make amendments and submit such amendments to Provincial SCM for verification. The Accounting Officer must report any deviations from the Provincial Policy to the Provincial SCM Unit.
- 3.3 The aim of National Treasury and Provincial Treasury is to promote uniformity in SCM practices, procedures and forms and promote accessibility of SCM systems for small businesses, especially affirmative owned enterprises.
- 3.4 The Accounting Officer of a Department or Public Entity must in terms of Chapter 16A – Treasury Regulations paragraph 16A 3.1 take all reasonable steps to ensure his or her Department / Public Entity implement the Supply Chain Management Policy. Provision must be made for at least the following:-
 - (i) Demand Management
 - (ii) Acquisition Management
 - (iii) Logistics Management
 - (iv) Asset Management
 - (v) Disposal Management
 - (vi) Risk Management
 - (vii) Regular assessment of Supply Chain Performance
 - (viii) Fleet Management (optional)
 - (ix) Inventory Management (optional)
- 3.5 Establishment of Supply Chain Management Units within the Office of the Chief Financial Officers and implement at least the generic organogram appended as **Annexure A**.
- 3.6 Training of Supply Chain Management Practitioners must be done in accordance with programmes made available by accredited suppliers in consultation with the Provincial Supply Chain Management Unit in the Provincial Treasury. This is aligned with the framework for Minimum Training and Deployment issued by National Treasury:
 - (a) In order to develop officials for a career in Supply Chain Management, provision should be made for the following types of training:
 - (i) Introduction to supply chain management.
 - (ii) Intermediate training with the focus on intensive training in all the elements of supply Chain Management.
 - (iii) Advanced training that includes specialist skills within each element of Supply Chain Management.
 - (iv) Special training courses for Senior Management (Director's upwards).

- (b) Target audience:
 - (i) Practitioners who are involved with the day-to-day operations of Supply Chain Management.
 - (ii) New entrants irrespective of level at which they are appointed.
 - (iii) Senior Management (SMS).

4. DELEGATION OF SUPPLY CHAIN MANAGEMENT (SCM) POWERS AND DUTIES

4.1 The Accounting Officer must delegate appropriate powers and duties to the Chief Financial Officer to enable the Chief Financial Officer to re-delegate appropriate powers and duties to the Head of Supply Chain Management to enable the Head of Supply Chain Management to:

- (a) Discharge the Supply Chain Management responsibilities conferred to him/her in terms of-
 - (i) PFMA, sections 76 4(c) and 38 (1)(iii);
 - (ii) Regulations in terms of the Public Finance Management Act, 1999 and Framework for Supply Chain Management;
 - (iii) Chapter 16A of the Treasury Regulations;
 - (iv) Preferential Procurement Policy Framework Act (5: 2000) and Regulations;
 - (v) Provincial Supply Chain Management Policy;
 - (vi) Practice Notes issued by National/ Provincial Treasury; and
 - (vii) All other applicable legislation.
- (b) To maximize administrative and operational efficiency in the implementation and execution of the Supply Chain Management Policy.
- (c) To enforce cost-effective measures, and transparency for the prevention of fraud, corruption, favoritism and unfair and irregular practices in implementing and executing Supply Chain Management Policies.
- (d) To ensure all Supply Chain Management practitioners as well as Specification, Evaluation and Adjudication Committee members agree in writing to adhere to the published Code of Conduct (**Annexure B**) in all respects.
- (e) All delegations must be done in writing and revised annually by the Accounting Officer, Chief Financial Officer and Head of Supply Chain Management.
- (f) Accounting Officer to annually certify that all Supply Chain Management practitioners are appropriately trained and to forward the certificate to Provincial Supply Chain Management and Provincial Treasury.
- (g) **NOTE THAT ACCOUNTING OFFICERS SHALL NOT DELEGATE OR SUB-DELEGATE ANY SUPPLY CHAIN MANAGEMENT (SCM) POWERS OR DUTIES TO A PERSON WHO IS NOT AN OFFICIAL OF THE DEPARTMENT / PUBLIC ENTITY OR TO A COMMITTEE WHICH IS NOT EXCLUSIVELY COMPOSED OF OFFICIALS OF THE DEPARTMENT / PUBLIC ENTITY.**

THE ONLY OFFICIALS WHO WILL ATTEND ALL COMMITTEE MEETINGS IN AN ADVISORY CAPACITY IS FROM THE PROVINCIAL SUPPLY CHAIN MANAGEMENT (SCM) UNIT IN PROVINCIAL TREASURY. SPECIALIST TECHNICAL ADVISORS CAN BE CO-OPTED TO ADVISE COMMITTEES ON RELEVANT MATTERS ONLY. NO SUPPLY CHAIN DECISION-MAKING POWERS MAY BE DELEGATED TO AN ADVISOR OR CONSULTANT.

4.2 SUB-DELEGATIONS

- (a) The power to make a final award for any acquisition exceeding R10 million (VAT included) [total cost e.g. equipment life cycle cost] may not be sub-delegated by the Accounting Officer; or
- (b) Above R1 million (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated only to:
 - (i) a bid Adjudication Committee of which the Chief Financial Officer or a senior manager is a member; **OR**
- (c) Not exceeding R1 million (VAT included) may be sub-delegated but only to:
 - (i) the Chief Financial Officer;
 - (ii) a Programme Manager;
- (d) An official or bid Adjudication Committee to which the power to make final awards has been sub-delegated in accordance with paragraph 4.2 (b) and 4.2 (c) of this Policy must forward a written report or minutes of the bid Committee meeting containing particulars of each final award made during that month to the Accounting Officer and or Chief Financial Officer if applicable and Provincial Supply Chain Management (SCM) in Provincial Treasury not later than the 15th of the following month. The reports / minutes must include-
 - (i) the amount of each award;
 - (ii) the name of the company, person, partnerships, close corporation to whom the award was made; and
 - (iii) the reason why the award was made to the specific company, person, partnership, close corporation etc. or
 - (iv) the minutes of the bid Committee meetings must include the above [paragraph 4.2 (d) (i), (ii) & (iii)] as well as attendance, quorum, disclosure of interest of any member if applicable in any bid presented for discussion.

NOTE: SUB PARAGRAPH 4.2 (d) DOES NOT APPLY TO ACQUISITIONS OUT OF PETTY CASH.

5. OVERSIGHT ROLE OF PROVINCIAL SUPPLY CHAIN MANAGEMENT (SCM) UNIT IN PROVINCIAL TREASURY

- 5.1 The Provincial Supply Chain Management Unit must maintain oversight over the implementation of this Policy within the Province.
- 5.2 For the purpose of oversight the Accounting Officer of each Department must:
 - (i) Within 15 days of each month submit a report on progress made with the implementation of Supply Chain Management of the Department as well as the monthly questionnaire on all acquisitions awarded exceeding R100 000.00 per case VAT included on prescribed formats .
- 5.3 A Supply Chain Management mechanism for dealing with non-compliance by service providers has been established in the Provincial Supply Chain Management Unit in Provincial Treasury in accordance with the Framework for Supply Chain Management, section 76 (4)(c) of the PFMA. The aim is to:-
 - (i) receive and consider complaints regarding alleged non-compliance with the present minimum norms and standards;
 - (ii) make recommendations for remedial actions to be taken if non-compliance of any norms and standards is established, including recommendations of criminal steps to be taken in the case of corruption, fraud or other criminal offences. (**Annexure D – Policy Guidelines in Detail**).

- (iii) Departments must maintain a complaints register – minimum information; date complaint is received, complainant details, actions taken and conclusion.
- 5.4 The department will maintain a database of all suppliers for the delivering of goods and services update the database continuously and made it available to all staff members.

CHAPTER 2

FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT

6. FORMAT FOR SUPPLY CHAIN MANAGEMENT

The Policy provides for:

- (i) Demand Management
- (ii) Acquisition Management
- (iv) Logistics Management
- (v) Asset Management
- (iv) Disposal Management
- (v) Risk Management
- (vi) Regular assessment of Supply Chain Performance

PART 1: DEMAND MANAGEMENT

7. SYSTEM OF DEMAND MANAGEMENT

- (a) The Accounting Officer or delegated official must establish, through operational procedures, an effective system of demand management in order to ensure that the resources required to support the strategic and operational commitments are delivered at the correct time, at the right price and at the right location, and that the quantity and quality satisfy the needs.
- (b) Further doing a needs assessment dealing with issues such as:
 - Understanding future needs;
 - Identifying critical delivery dates;
 - The frequency of needs;
 - Linking the requirement to the budget;
 - Doing an expenditure analysis based on past expenditures;
 - Determining the specifications;
 - Doing a commodity analysis e.g. looking at alternatives; and
 - Doing an industry analysis.
- (b) Strategic planning process:
 - As part of the strategic planning exercise of a department, the various functions to be executed must be identified.
 - Determine the different resources required to execute the identified functions, i.e. goods, works or services. These resources must be budgeted for. It's vital to know the estimated cost of the required goods, works or services.

- Demand Management should be coordinated by Supply Chain Management officials in consultation with end-users.
- A detailed planning document that outlined what goods, works or services should be procured, the manner in which they should be procured, timelines and procurement methods should be compiled annually.
- The schedule of procurement plan that was introduced in respect of advertised competitive bids (goods, works or services) can be used. Annexure K.
- Submission of procurement plans in respect of advertised competitive bids (annexure K) must be submitted to Provincial Supply chain by 30 April of each year.

PART 2: ACQUISITION MANAGEMENT

8. SYSTEM OF ACQUISITION MANAGEMENT

- (a) The Accounting Officer or delegated official must establish, through operational procedures, an effective system of acquisition management in order to ensure-
- goods and services are acquired by Departments in accordance with authorized procedures only;
 - expenditure on goods and services is incurred in terms of an approved budget;
 - the threshold values of the different acquisition processes are complied with;
 - bid documentation are as per National and/Provincial prescripts (SCM Practice Note 2 – Explanatory notes: Revised quotation/ bid forms 19 December 2011),
 - the preference point system used in accordance with Revised Preferential Procurement Policy Regulations of 7 December 2011, refer to Practice Note 2/2011-12: Implementation of the Revised Preferential Procurement Regulations, utilizing B-BBEE status level verification certificates to claim preference points,
 - general conditions of contract are adhered to in all respects, and the bid document is compiled according to Policy and prescripts revised July 2010),
 - ensure evaluation and adjudication criteria are clearly spelled out in bid documents and are in accordance with all applicable legislation and Provincial policies;
 - Treasury Guidelines on acquisition management are properly taken into account.
 - strategy of how the market is to be approached is determined;
 - applicable depreciation rates are determined;
 - total cost of ownership (TCO) principle is being applied e.g.
 - Life cycle cost;
 - Inventory carrying cost
 - bids be evaluated by Evaluation Committee and recommendations forwarded to Adjudication Committee or whichever processes of adjudication applicable;
 - Prior to finalise any contract exceeding the threshold of R500 000 (VAT inclusive) check with National Treasury if a contractor is:
 - included in the list of restricted suppliers or on the Register of Tenders Defaulters.
 - The name of the recommended bidder and if possible names of the directors must be e-mailed to restriction@treasury.gov.za Turnaround time from National Treasury one

(1) working day. The website for Tenders Defaulters to be used in www.treasury.gov.za Telephone enquiries (012) 315 5348 or 5333. Proof must be supplied to auditors.

- (xiv) contract documents of successful bidder are properly completed, all documents signed and all required certificates appended;
 - (xv) contract administration is done;
 - (xvi) contract information is used to start with the logistics management process; and
 - (xvii) if consultants are appointed the prescripts as appended (**Annexure E**) is followed as well as Department of Public Service Administration (DPSA) guidelines on hourly fees structure;
 - (xviii) adhere to revised guidelines when functionality is included as a criterion in the evaluation of bids (National Treasury Instruction note issued September 2010);
 - (xiv) extension and variation orders against the original contract may not exceed 20% or R20 million (inclusive all applicable taxes) for construction related goods, works and for services and 15% or R15 million (including all applicable taxes) for all other goods and/ or services of the original value of the contract.
- (b) Publication of awards:
- In adherence to National Treasury's Instruction note on enhancing compliance monitoring, improving transparency and accountability in Supply Chain Management (31 May 2011), minimum requirements are as follows:
 - Publication of names of bidders in respect of advertised competitive bids (above threshold of R500 000, all applicable taxes included) must be done ten (10) working days after closure of bid on either the institutions – or provincial website. The following information must be published: names of all bidders who submit bids at closing time and date. If practical total price and preference claimed.
 - After awarding of bids the following information must be published in the Government Tender Bulletin, if applicable other media used for advertisement and on the department or provincial website:
 - Name (s) of successful bidder (s);
 - Preference claimed;
 - Contract price (s);
 - Brand names if applicable;
 - Completion date (s) of contracts
- (c) Legal vetting of formal contracts or service level agreements. Accounting Officers or delegated office must ensure contracts are sound before signing off.
- (d) Placing of orders for payment in another financial year Accounting Officers are prohibited from placing orders for goods and/ or services from suppliers, receiving such goods and/ or services and arranging with suppliers for such goods and services to be invoiced and paid for in another financial year.
- (e) Payment within 30 dates.
- (d) Institutions must put in place mechanisms to ensure all accounts owing are paid within 30 days from the date of invoice, settlement or court judgment.

9. ACQUISITION PROCESSES AND THRESHOLD VALUES

The acquisition of goods and services through this Policy is provided by way of different threshold values.

- (i) At least three (3) quotations must be obtained for purchases below R500 000.
- For the transaction up to R10 000.00, at least three verbal or written quotations must be obtained from suppliers registered on departmental database. However the order will be placed against receipt and confirmation of the written quotation of the lowest quote if the quotations were obtained verbally. The **NCP 4, NCP 8 and NCP 9 forms** should accompany the written quotation. **(For capital assets, only three written quotations will be accepted).**
 - For transaction above R10 000.00, at least three written quotations must be obtained from suppliers registered on database and all suppliers must complete **NCP4, NCP8 and NCP9.**
 - If three (3) quotations cannot be obtained up to the value of **R10 000.00** VAT Inclusive, reasons must be recorded and approve by Chief Financial Officer, or a delegated official to approve.
 - If three quotation cannot be obtained for transaction value above **R10 000.00**, the Head Of Department to approve;
 - For all acquisitions exceeding R30 000.00 per case, VAT included , valid Tax Clearance submitted by the successful supplier (The original tax certificate must be valid at closing date and time of bid or quotation before an order is issued)
 - For all acquisitions exceeding R30 000.00 per case, VAT included the PPPFA prescripts apply e.g. points system B-BBEE status level verification certificates, must be used in adjudication process.
 - The 80/20 principle is applicable; 80 points for price and 20 for B-BBEE status level verification certificate. The 20 points will be standard as follows:

B-BBEE Status Level of Contributor	Number of points (80/20 system)
1	20
2	18
3	16
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

A bid must not be disqualified from the bidding process if the bidder does not submit Certificate substantiating the B-BBEE status level of contributor or is non-compliant contributor. Such a bidder will score 0 out of a maximum of 10 or 20 points for B-BBEE.

NOTE: THE DEPARTMENTAL DATABASE OR DEPARTMENTAL LOGIS DATABASE MUST BE USED FOR ALL PROCUREMENTS, SUCH AS PETTY CASH PURCHASES, QUOTATIONS, URGENT & EMERGENCY CASES AND DEVIATIONS.

NOTE: For procurement (bids) – that exceeds R500 000 (VAT inclusive) per case a valid tax clearance certificate is to be submitted by date and time of bid closure.

* For all acquisitions exceeding R500 000 (VAT inclusive) the tender register for restricted suppliers and tender defaulters National Treasury must be consulted. Proof must be kept for audit purposes.

(iii) A competitive bidding process for acquisitions exceeding R500 000.00 per case (VAT included) is applicable.

* Bids must at least be advertised in the Government Tender Bulletin, and where applicable in the Northern Cape published Newspapers or National Newspapers. A valid SARS certificate for Tender must be appended.

* Note the 80:20 point principle is applicable to all procurements up to the threshold of R 1 million Rand (inclusive of all taxes).

* The 90:10 point principle is applicable to all procurements exceeding R 1million Rand (inclusive of all taxes).

The 10 points will be standard as follows:

B-BBEE status Level contributor	Number of points (90/10 system)
1	10
2	9
3	8
4	5
5	4
6	3
7	2
8	1
Non-compliant contributor	0

A bid must not be disqualified from the bidding process if the bidder does not submit certificate substantiating the B-BBEE status level of contributor or is a non-compliant contributor. Such a bidder will score 0 out of a maximum of 10 or 20 points for B-BBEE.

- (iv) Transversal contracts will be arranged either by Provincial Supply Chain Management (SCM) or National Treasury and Departments will be formally requested to indicate whether they want to participate or not. Provincial Supply Chain will co-ordinate the arrangements. A department's CFO or a delegated official must approve participation.
- (v) The Accounting Officer may, *in writing lower, BUT NOT increase, and the different threshold values specified above.*

- (vi) Goods and services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the Policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.
- (vii) **SUPPLY CHAIN MANAGEMENT: PROCUREMENT OF GOODS AND SERVICES BY MEANS OTHER THAN THROUGH THE INVITATION OF COMPETITIVE BIDS**
 - Treasury Regulation 16A6.4 that reads as follows, has reference:

“ If a specific case it is impractical to invite competitive bids, the accounting officer or accounting authority may procure the required goods or services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the accounting officer or accounting authority.”
 - National Treasury issued the attached practice note 6 of 2007/2008 with regard to the abovementioned regulation and the following are highlighted:
 - The intention of this initiative is to ensure that the provision made in terms of Treasury Regulation 16A 6.4 is used strictly to procure goods and services of critical importance and only in specific cases when it is impractical to invite competitive bids. Accounting Officers and Accounting Authorities should not use this provision to circumvent the official procurement processes in order to enter into contractual commitments or incur expenditure at the end of a financial year with the view to avoiding the surrender of unspent voted funds to the Provincial revenue Funds.
 - The department must report within ten (10) days to Provincial Treasury and the Auditor-General all cases where goods and services above the value of R1 million were procured in terms of Treasury regulation 16A6.4.

10. REQUIREMENTS FOR QUOTATIONS, BIDS AND EXPENSES RELATED TO CATERING.

- (i) A written quotation or bid must be submitted in prescribe format (**Annexure F**) and may not be considered unless the provider who submitted the quotation or bid provided the following information:
 - Company’s full name, address, contact details and owners details;
 - Company’s identification or registration number;
 - Tax reference number or VAT registration number, if any; and
 - Whether the owner, directors, managers, principals, or stakeholders are in the service of the state or are a family member or other close relative of any official working in the relevant Department.
 - Completed all appended documentation fully and provide all necessary certificates as requested.
 - The general condition of contract is applicable on all procurements.
 - For all acquisitions exceeding R500 000 (inclusive) the tender register for restricted suppliers and tender defaulters must be consulted and proof there of supplied.
 - Standard bid forms that must be used when formal written quotations is invited:
 - Annexure F or NCP 6.1 or similar
 - NCP4 – declaration of interest

- NCP6.2 Local Production and Content (Furniture and Clothing)
- NCP8 – declaration of bidder’s past SCM practices
- NCP9 – certificate if independent bid determination
- NCP2 – tax clearance certificate if a valid tax clearance is not on file
- For formal bids:
 - NCP1 – Invitation to bid
 - NCP2 – tax clearance certificate requirements and TCC 001
 - NCP3.1 (pricing schedule for firm prices) or NCP3.2 (pricing schedule for non-firm prices) or NCP3.3 (pricing schedule for professional services)
 - NCP4 – declaration of interest
 - NCP6.1 – preferential points claim form i.t.o. PPPFA Regulations 2011
 - NCP6.2 –local Production and Content (Furniture and clothing)
 - NCP7.1 – contract form (purchase of goods/ works) or NCP 7.2 (rendering of services) or NCP7.3 (sale of goods/works)
 - NCP8 – declaration of bidders part SCM practices
 - NCP9 – certificate of independent bid determination
 - Conditions of contract
 - Specifications, special conditions

Expenses related to catering and events in terms of New Instruction Note 1 of 2013/2014

- Department may not incur catering expenses for internal staff meetings, i.e. for meeting attended only by person in its employ. Department of Economic Development and Tourism may not incur catering expenses includes purchasing of groceries for internal staff meetings.
- Unless approved by otherwise by Accounting Officer, entertainment allowances of qualifying person may not exceed two thousand rand (R2000,00) per person per financial year. National Treasury may periodically review the amount.
- Department may not incur expenses on alcoholic beverages except for instances where alcohol is to be served at function relating to :
 - a) State banquets.
 - b) The promotion of South Africa and any of its goods or services; or
 - c) The hosting of foreign dignitaries
- The Accounting officer must ensure that team building exercises and social functions, including year-end functions, are not financed from budgets of their respective establishment or by any suppliers or sponsors.

11. LISTS OF ACCREDITED PROSPECTIVE SERVICE PROVIDERS

- Provincial Supply Chain Management (SCM) will keep a database of all accredited prospective service providers and update the list on an ongoing basis. The list will be available to all Departments / Public

Entities to obtain written and verbal quotations from or to be used for urgent and emergency procurements.

- Departments/Public Entity's must inform Provincial Supply Chain Management's database section weekly if service providers on the database is no-existent or non-functional or contact details is no longer applicable.

NON-PERFORMANCE OF SUPPLIERS:

- A supplier must be informed in writing by the relevant departmental supply chain management if services/goods delivered are of substandard.
- After three consecutive non-performance incidents Provincial Supply Chain must be informed with copies of written notification to suppliers who will use the formal grievance mechanism to continue addressing the problem and report back to the department.
- All Supplier / Service Provider appearing on National and/or Provincial Treasury's list as a person or business prohibited from doing business within the public sector will be removed from the database and may not be doing business with, for the period they are restricted.
- National and/or Provincial Treasury's rosters list will be compiled per commodity and per type of service if provincial rosters are compiled for consultants as an example. This will only be done if there is a need for it.

12. ACQUISITION OF GOODS BY MEANS OF PETTY CASH PURCHASES

- The Accounting Officer or delegated official of a Department must establish conditions for the acquisition of goods by means of petty cash purchases e.g.
 - terms must be drawn-up for managers to delegate responsibility to an official reporting to the manager;
 - limiting the number of petty cash purchases or the maximum amounts per month for each manager; and
 - exclude any types of expenditure from petty cash purchases, where this is considered necessary.

13. WRITTEN QUOTATIONS

- (i) The Accounting Officer or delegated official of a Department must establish the conditions of the acquisition of goods and services through written and verbal quotations, which must be within threshold values as per which must include conditions stating:
 - that quotations must be obtained from at least three (3) different providers preferably from providers whose names appear on the list of accredited prospective service providers. If quotations are obtained from suppliers / service providers who are not listed on database, must immediately register on the database prior to the department conducting any business with them.

14. FORMAL WRITTEN PRICE QUOTATIONS

- (i) The Accounting Officer or delegated official of a Department must establish the conditions for the acquisition of goods and services through formal written price quotations, which must include conditions stating:-
 - From the threshold value of R10 000 at least three (3) verbal or written quotations from, where applicable, a list of prospective suppliers. The order should, however, be placed

however, be placed against written confirmation from the selected supplier if the quotation was submitted verbally.

For transaction above R10 000.00 up to R500 000 ,at least three (3) written quotations must be obtained from different service providers whose names appear on the list of accredited prospective service providers of the department and all suppliers must complete SBD forms.

- For acquisitions exceeding **R500 000** (VAT inclusive) the tender register for restricted suppliers and tender defaulters must be consulted and proof provided for audit purposes.
- (ii) Attached format to be used NCP6.1 or similar plus NCP 4 – declaration of interest, NCP6.2 declaration of Local production and content, NCP8 - suppliers past SCM experience and NCP9 – certificate if independent bid determination. (Applicable for quotations up to the threshold value of R500 000 (VAT inclusive).
- (iii) Departments can file SARS certificates with NCP4 as part of their supplier’s database for reference purposes and to streamline procurement processes. Before each award departments must ensure that the filed SARS certificate is valid and the relevant supplier confirm in writing information on NCP4 is correct

Note: The application form to register on the database must be completed to ensure compliance for suppliers not yet registered

- For all requirements in excess of R30 000.00 (including VAT) per case up to R500 000 (inclusive) per case the accepted written quotation must have a valid original tax clearance certificate for good standing.
- For all requirements in excess of R30 000.00 (including VAT) per case the written quotations must be adjudicated in terms of the preferential point system (80:20 principle). The 80:20 points system is applicable on all procurements up to R1 million, all taxes included. The standard points allocation is as follows:

B-BBEE Status Level of Contributor	Number of points (90/10) system)	Number of points (80/20 system)
1	10	20
2	9	18
3	8	16
4	5	12
5	4	8
6	3	6
7	2	4
8	1	2
Non-contributor	0	0

A bid/quotation must not be disqualified from the bidding process if the bidder does not submit a certificate substantiating the B-BBEE status level of contribution or is a non-compliant contributor. Such a bidder will score 0 out of a maximum of 10 or 20 points for B-BBEE.

When using the Provincial Database or Departmental LOGIS database of accredited suppliers ongoing competition amongst suppliers must be promoted and the principle of a rotation basis will be applicable.

- The Accounting Officer must take steps to ensure that the acquisition of goods and service through written or verbal quotations is not abused.

15. COMPETITIVE BIDDING PROCESS

- (i) Acquisition of goods and service must be within the threshold values as determined by both National and Provincial Treasury's.
- (ii) The Supply Chain Management system must provide for:-
 - The establishment in accordance with Provincial Supply Chain Management Policy of Specification, Evaluation- and Adjudication Committees;
 - Following of bid procedures in conjunction with General Conditions of contract and practice notes issued both by National and Provincial Treasury;
 - The approval of bids using both Evaluation and Adjudication Committees in accordance with delegations and signing of contracts;
 - Requirement for goods and services above an estimated transaction value of R500 000 per case (VAT included) may not deliberately be split into parts or items of lesser value to acquire goods and services using quotations instead of competitive bidding.
 - A SARS certificate must be submitted with bidder's proposal at closing date and time of bid.
- (iii) The Accounting Officer or delegated official must ensure that:-
 - Bid documents and General Conditions of contract are in accordance with the instructions of Provincial and National Treasury or the prescripts of the Construction Industry Development Board, in the case of a bid relating to the Construction Industry;
 - Competitive bidding includes the following stages:
 - Compilation of bid documents
 - Specification Committee inputs on compilation of generic specifications
 - Inclusion of evaluation and adjudication criteria in bid documents, inclusive of the Preferential Procurement Policy Regulations point system as approved 7 December 2011.
 - Advertisement of bids in the Government Tender Bulletin, and if applicable local and regional newspapers in the Northern Cape Province for a minimum period of 21 days before closure, except in urgent cases when bids may be advertised for 14 working days, authorized by the Accounting Officer.
 - A bid document is responsive when all documents are duly signed and all required certificates appended to the bid upon closing of bids. If a valid original B-BBEE level contributor certificate or original certified copy of BEE Certificate not appended no points can be claimed. If document are not signed the bid may be non-responsive, the same if tax clearance certificates are not appended.
 - Contracts relating to Information Technology are prepared in accordance with the State Information Technology Act, (Act 88 of 1998) and any regulations made in terms of that Act.

- Treasury Regulations 16A is complied with when goods or services are acquired through public private partnerships or as part of public private partnerships.
 - Instructions issued by National and Provincial Treasury in respect of the appointment of consultants are complied with as well as remuneration in accordance with Department of Public Service Administration (DPSA) guidelines.
 - If in a specific case it is impractical to invite competitive bids, the Accounting Officer may acquire the required goods or services by other means. Reasons for deviating from inviting competitive bids must be recorded for audit purposes and approved by the Accounting Officer.
 - The CFO or a delegated official, depending on delegation can approve participation in transversal term contracts facilitated by National or Provincial Treasury. Provincial Treasury will manage such contracts. When participating in such contracts the Accounting Officer may not solicit bids for the same or similar product or service during the tenure of the transversal term contract.
 - The Accounting Officer or a delegated official can approve participation in any contract arranged by means of a competitive bidding process by any other Organ of State, subject to the written approval of such Organ of State and the relevant contractors.
- (iii) All bids must be deposited at closing date and time in a bid box made available and accessible to the public. Bids must be submitted in a sealed envelope as a hard copy with the bid number and description on it. Bids received after closing time will be handled as late. Time for closure will be aligned with official Post Office time.
- (iv) The validity period for all bids must be 90 days standard. Bids must be extended before expiry of validity. If a bid is not extended prior to expiry of validity, validity can only be extended if all bidders who present bid documents at closing date and time in writing agree to extend the validity for a further period. NOTE: When bidders are required to extend validity they can indicate a price increase (NOT A DECREASE) or changes in terms or specifications.
- (v) **Sub-contracting:** a bidder must not be awarded the points claimed for B-BBEE status level of contribution if it is indicated in the bid documents that such a bidder intends sub-contracting more than 25% of the contract value to any other enterprise that does not qualify for at least the same number of points that the bidder qualifies for, unless the intended sub-contractor is an EME that has the capacity and ability to execute the sub-contract.
- A contractor is not allowed to sub-contract more than 25% of the contract value to another enterprise that does not have equal or higher B-BBEE status level, unless the intended sub-contractor is an EME that has the capacity and ability to execute the sub-contract.
- In relation to a designated sector, a contractor must not be allowed to sub-contract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.
- (vi) Evaluation of bids that scored equal points:–
- In the event that two or more bids have scored equal total points, the successful bid must be the one that scored the highest points for B-BBEE.
- If two or more bids have equal points, including equal preference points for B-BBEE, the successful bid must be the one scoring the highest score for functionality if functionality is part of the evaluation process.

In the event that two or more bids are equal in all respects, the award must be decided by the drawing of lots.

(vii) Cancellation and re-invitation of bids:-

In the application of the 80/20 preference point system, if all bids received exceed R1 000 000, the bid must be cancelled. If one or more of the acceptable bid (s) received are within the R1 000 000 threshold, all bids received must be evaluated on the 80/20 preference point system.

In the application of the 90/10 preference point system, if all bids received are equal or below R1 million, the bid must be cancelled. If one or more of the acceptable bid (s) received are above the R1 million threshold, all bids received must be evaluated on the 90/10 preference point system.

If a bid was cancelled as indicated above, the correct preference point system must be stipulated in the bid documents of the re-invited bid.

An Accounting Officer or Accounting Authority may, prior to the award of a bid, cancel the bid if:

Due to changed circumstances, there is no longer a need for the services, works or goods requested. [AOs/ AAs must ensure that only goods, services or works that are required to fulfill the needs of the institution are procured]; or

Funds are no longer available to cover the total envisaged expenditure.

[AOs/ AAs must ensure that the budgetary provisions exist prior to inviting bids]; or

No acceptable bids are received. [If all bids received are rejected, the institution must review the reasons justifying the rejection and consider making revisions to the specific conditions of contract, design and specification, scope of the contract, or a combination of these, before inviting new bids.

(viii) Awarding of contracts –

A contract must be awarded to the bidder who scored the highest total number of points in terms of the preference point systems. Points scored must be rounded off to the nearest 2 decimal places.

In exceptional circumstances a contract may, on reasonable and justifiable grounds, be awarded to a bidder that did not score the highest number of points. The reasons for such a decision must be approved and recorded for audit purposes and must be defensible in a court of law.

(ix) Sale and letting of assets

The Preferential Procurement Regulations, 2011 is not applicable to the sale and letting of assets.

In instances where assets are sold or leased by means of a bidding process, the bid must be awarded to the bid with highest price.

(x) Transitional arrangements

NOTE: THE OFFICIAL CLOSING TIME FOR BIDS IN THE NORTHERN CAPE WILL BE 11:00 AM.C.A.T (Telkom time)

16. PROCEDURE FOR HANDLING, OPENING AND RECORDING OF BIDS

- Bids must be opened in public directly after closing time.
- Names of all bidders must be read out and only for construction and related bids; the price must be read out as well. For other commodities, the price due to practicalities will not be read out.
- All bid documents must be stamped (every page and initiated, recorded in a register with date and time. The register can be made available for public inspection upon a written request.
- Bid results must be published in at least the Government Tender Bulletin and on the departments or provincial website.
- General Conditions of bid are applicable to all bids.
- Negotiations with preferred bidders may only be done through the Accounting Officer, provided that such negotiations do not allow the preferred bidder a second or unfair opportunity, is not detrimental to any other bidder and does not lead to a higher price than the bid as submitted or any other preference.
- Two-stage bidding process: it is allowed for large complex projects, projects where it may be undesirable to prepare complete detailed technical specifications or long term projects with a duration period exceeding three (3) years.
 - In the first stage technical proposals on conceptual design or performance specifications should be invited, subjected to technical as well as commercial clarifications and adjustments.
 - In the second stage final technical proposals and priced bids should be invited.
- Two – stage bidding process is used when functionality has been included as a criterion. The need to invite bids on the basis of functionality as a criterion depends on the nature of the required commodity or service taking into account quality, reliability, viability and durability of a service and the bidder's technical capacity and ability to execute the contract. Only bidders who obtain the minimum score for functionality will be evaluated on points for price and B-BBEE status level of contributor.

OPENING OF BIDS

1. WHAT IS A LATE BID?

- On the bid document a time and date will be indicated as the closing time and date. Any bid received after closing time on the relevant date is registered as a late bid.
- It is the bidder's responsibility to ensure that his/her bid is in the relevant bid box before closing time on the relevant date of the closure.
- If a bidder send his/her bid by courier services or post the bidder him/herself must ensure that it is indeed delivered to the relevant SCM unit (of the relevant department) before the closing time on the relevant date. It is not the SCM unit's responsibility to phone couriers, post office or departmental registry and to collect bid documents from registry, couriers or the post office.
- It is however advisable that SCM units request their respective registry's to collect and open post as early as possible and to try and deliver all envelopes marked as bid documents to the SCM unit not later than 10H00. SCM units should upon receiving of post immediately open it

and if there is bid documents either deposit it in the bid bag that will be used to open the bid box or put it immediately in the bid box. A register must be kept for all bids received via post/courier to keep track of receiving time and date.

NOTE: IT IS A BIDDER FULL RESPONSIBILITY TO ENSURE DOCUMENTS ARE INDEED DISPATCHES TIMEOUSLY UTILISING A REPUTABLE SERVICES PROVIDER OR METHOD AND FOLLOW-UP TO ENSURE THE SERVICE PROVIDER DELIVER DOCUMENTS WELL IN TIME TO THE RELEVANT SCM UNIT OR PUT IT IN THE CORRECT BID BOX.

2. RECEIVING OF LATE BIDS

- 2.1 When a bid is received after closing time on indicated closing date it is deemed to be a late bid and must be registered as such.
- 2.2 All late bids are kept unopened till the adjudication process has been fully completed and then send back to the relevant bidders.

3. OPENING OF LATE BIDS

- 3.1 Late bids may be opened under the following circumstances:
 - 3.1.1 When no responsive bids have been received at closing time and date.
 - 3.1.2 When only one bid has been received and upon adjudication after a cost benefit analyses were done it is discovered that:
 - The bidders offer by far exceeds the budget made available when the request for the goods/services was received by SCM and bid documents prepared on the cost estimate e.g. 80:20 or 90:10 points;
 - Or if similar goods/services has been procured in the previous financial years then the actual expenditure must always be used as guidelines to determine the reasonability of prices on offer from a supplier;
 - Or the SCM unit may request a supplier when goods or services are procured for the first time to disclosed there profit margin and there auditors certify the profit margin as reasonable for the relevant industry, especially when costing exceeds the budget made available for the procurement.

THE DEPARTMENTAL SCM UNIT SHOULD REQUEST THE ADJUDICAITON COMMITTEE OR ACCOUNTING OFFICER TO APPROVE THE OPENING OF LATE BIDS RECEIVED FOR THE PARTICULAR GOODS/SERVICES.

IT IS OF CRITICAL IMPORTANCE WHEN ONLY ONE BID HAVE BEEN RECEIVED AT CLOSING TIME AND DATE THAT DEPARTMENTAL SCM UNIT ENSURE THAT THE BIDDERS OFFERED CAN BE CERTIFIED AS VALUE FOR MONEY (COST EFFECTIVENESS) UTILISING ANY OF THE ABOVE METHODS.

17. Local Production and Content

The preferential Procurement Regulations, 2011 pertaining to the Preferential Procurement Policy Framework Act, Act of No 5 of 2000 which came into effect on the 7 December 2011 make provision for the Department of Trade and industry (dti) to designate sectors in line with national development and industrial policies for local production.

17.1 Invitation and evaluation of bids based on a stipulated minimum threshold for local production and content for furniture products.

To this end, the dti has designated and determined the stipulated the stipulated minimum threshold for furniture products for local production and content.

- (a) The stipulated minimum threshold percentages for local production and content for office furniture are as follows:

Category of Furniture	Stipulated minimum threshold
Office Furniture	85%

- (b) To ensure that local production and content is discharged on manufacturing activities, the following furniture products which have been designated must be included in the bid invitations:

Number	Description	% Local Content
1	Melamine office desk with drawers	70%
2	Office desk (drawers) with timber top on steel frame	90%
3	Office desk (drawers) with supawood (MDF) top on steel frame	90%
4	Melamine/Paper foil office desk with drawers	70%
5	Stacker upholstered chair –sleigh base with arms	100%
6	Side upholstered chair –sleigh base with arms	70%
7	High back upholstered chair with arms on 5 star base	65%
8	Steel stationery cupboard	100%
9	Steel drawer (5) filing cabinet	100%
10	Wood stationery cupboard	100%
11	Wood drawer(s) filing cabinet	100%

NB: Excluded in the designation is mainly primary steel used for fabrication of furniture products. This is to encourage local manufacturers to seek the best global competitive prices for primary materials hence the competitive imported primary steel used in the manufacture of furniture will be deemed to have been sourced locally for the purposes of calculating local content.

17.1.1 Invitation of bids for furniture.

Bids in respect of furniture must contain a specific bidding condition that only locally produced or locally manufactured furniture with a stipulated minimum threshold for local production and content will be considered.

(a) Accounting Officer must stipulate in bid invitations that:

the exchange rate to be used for the calculation of local content (local content and local production are used interchangeably) must be the exchange rate published by the SARB at 12:00 on the date, one week (7 calendar days) prior to the closing date of the bid.

- Only the South African Bureau of Standard (SABS) approved technical specification number SATS 1286:201x must be used to calculate local content. The local content (LC) as a percentage of the bid price must be calculated in accordance with the SABS approved technical specification number SATS 1286:201x as follow:
- The following formula to calculate local content must be disclosed in the bid documentation:

$$LC = 1 - (x/y) * 100$$

Where

X imported content

Y bid price excluding value added tax (VAT)

- Price referred to in the determination of X must be converted to Rand (ZAR) by using the exchange rate published by the SARB at 12:00 on the date of advertisement of the bid. the purpose of the above SBD 6.2 (Declaration Certificate for local Content) together with the annex C (Local content declaration: Summary Schedule) must form part of the bid documentation.
- The declaration certificate for Local Production and Content (SBD 6.2) together with the Annex C (Local Content: Summary Schedule must be completed and duly signed and submitted by bidder at the closing date and time of the bid. Accounting Officer is required to verify the accuracy of the rates of exchange quoted by the bidder in paragraph 4.1 of this certificate.

(b) Accounting Officer or delegated official must clearly stipulate in the bid documentation that the SABS approved technical specification number SATS 1286:2011 and the Guidance on the Calculation of Local Content together with the Local Content Declaration Templates (Annex C (Local Content Declaration: Summary Schedule), D (Imported Content Declaration: Supporting Schedule to Annex C) and E (Local Content Declaration: Supporting Schedule to Annex C) are accessible to all potential bidders on the dti's official website <http://www.thedti.gov.za/industrialdevelopment/ip.jsp> at no cost.

17.1.2 Bench mark/market related prices

Accounting Officer or delegated official is required to ensure that reasonable or market related prices are secured for the furniture/components being procured taking into account factors such as benchmark prices, value for money and economies of scale.

For this purpose, Accounting officer may approach the dti to assist, where possible, with benchmark prices for the different classes and components of furniture that have been

designated for local production and content. The dti will be in a position to provide price references for the different products that have been designated for local production and content.

17.2.3 Evaluation of bids for furniture

A two stage evaluation process may be followed to evaluate the bids received.

(a) First stage: Evaluation in terms of the stipulated minimum threshold for local production and content.

Bids must be evaluated in terms of the minimum threshold stipulated in the bid documents.

- The declaration made by the bidder in the Declaration Certificate for local content (SBD6.2) and annex C (Local Content Declaration Summary Schedule) must be used for this purpose. If the bid is for more than one product, the local content percentage for each product contained in Declaration C must be used.
- The amendment of the stipulated minimum threshold for local production and content is not allowed.
- Accounting officer or delegated official must ensure that the Declaration Certificate for Local Content (SBD 6.2) and the Annex C (Local Content Declaration: Summary Schedule) submitted as part of bid documentation.
- The dti has the right as and when necessary, to request for auditors certificates confirming the authenticity of the declarations made in respect of local content.
- Accounting Officer or delegated official must verify the accuracy of the rates of exchange quoted by the bidder in paragraph 4.1 of the Declaration Certificate for Local Content (SBD6.2)

(b) Second stage: Evaluation in terms of the 80/20 or 90/10 preference point systems.

- Only bids that achieved the minimum stipulated threshold for local production and content may be evaluated further. The evaluation must be done in accordance with the 80/20 or 90/10 preference points systems prescribed in Preferential Procurement Regulations 2011.
- Accounting officer or delegated official must ensure that contracts for furniture /components are awarded at the price that are market related taking into account ,among others, the dti's pre-determined benchmark prices, value for money and economies of scale.

Where appropriate, prices may be negotiated with short listed or preferred bidders. Such negotiations must not prejudice any other bidder

17.1.3 Post award and reporting requirements

Once bids are awarded, the dti must be:

- Notified of all the successful bidders and the value of the contracts; and
 - Provided with copies of the contracts, the SBD 6.2 Certificates together with the Declaration C submitted by the successful bidders.
- (a) The purpose of the requirements above is for the dti to among others conduct compliance audits with a view to monitor the implementation of the industrial development strategies.
- (b) Contractors must not be allowed to sub-contract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.
- (c) Where, after the award of a bid, contractors' experiences challenges in meeting the stipulated minimum threshold for local content the dti must be informed accordingly in order

for the dti to verify and in consultation with the Accounting officer provide directives in this regard.

17.2 Invitation and Evaluation of bids based on a stipulated minimum threshold for local production and content for the textile, Clothing, Leather and Footwear sector.

- To this end, the dti has designated and determined the stipulated minimum threshold for the Textile, Clothing, Leather and Footwear Sector for local production and content.
- The stipulated minimum threshold percentages for local production and content for the Textile, Clothing, Leather and Footwear Sector is **100%**

17.2.1 The Designation constitutes sub-sectors from the following (standardized Industry Classifications) SIC Codes.

SIC Code	Description
31291	Manufacture of textiles, clothing, leather goods and other textiles.
31401	Manufacture of men's & boy's clothing
31402	Manufacture of women's and girls clothing
31404	Manufacture of hats etc.
31629	Manufacture of other leather goods
31700	Manufacture of footwear.
31701	Manufacture of footwear from material other than leather

17.2.2 Invitation of bids for the textile, clothing, leather and footwear sector.

Bids in respect of textiles, clothing, Leather and Footwear must contain a specific bidding condition that:

- Only locally produced or locally manufactured textiles, Clothing, Leather and Footwear from local raw material or inputs will be considered.
 - If the raw material or inputs to be used for a specific item is not available locally, bidders should obtain written authorization from idt should there be a need to import such raw material or input; and
 - A copy of the authorisation letter must be submitted together with the bid document at the closing date and time of the bid.
- (a) Accounting Officer or delegated official must stipulate in bid invitation that:
- The exchange rate to be used for the calculations of local production and content must be the exchange rate published by South African Reserve Bank at 12:00 on the date of advertisement of the bid.
 - Only the South African Bureau of Standards approved technical specification number STATS 1286:2011 must be used to calculate local content.
 - The local content (LC) expressed as a percentage of the bid price must be calculated in accordance with the following formula which must be disclosed in the bid documentation.

- $LC = (1 - x/y) * 100$

Where

X Is the imported content in Rand

Y Is the bid price in Rand excluding value added tax (VAT)

Prices referred to in the determination of X must be converted to Rand (ZAR) by using the exchange rate published by the SARB at 12:00 on the date of advertisement of the bid.

(a) Accounting Officer or delegated Official must stipulate in the bid documentation that:

The Declaration Certificate for Local Content (SBD 6.2) together with the Annex C (Local Content Declaration: Summary Schedule) must be completed, duly signed and submitted by the bidder at the closing date and time of the bid; and

(b) The rates of exchange quoted by the bidder in paragraph 4.1 of the Declaration Certificate will be verified for accuracy.

17.2.3 Benchmark/market related prices

- Accounting Officer or delegated Official is required to ensure that reasonable or market related prices are secured for the Textile, Clothing, Leather and Footwear, being procured taking into account factors such as benchmark prices, value for money and economies of scales.
- For this purpose, Accounting Officer may approach the dti to assist, where possible, with benchmark prices for the Textile, Clothing, Leather and Footwear that have been designated for local production and content. The dti will be in a position to provide price references for the different products that have been designated for local production and content.

Bid specification for the sectors, subsectors or products above and price benchmarking must be done in collaboration with the dti.

17.2.4 Evaluation of bids for Textile, Clothing, Leather and Footwear.

A two stage evaluation process may be followed to evaluate the bid received.

(a) **First stage: Evaluation in terms of the stipulated minimum threshold for local production and content.**

- The bid must be evaluated in terms of the minimum threshold stipulated in the bid documents.
- The declaration made by the bidder in the Declaration Certificate for local content (SBD 6.2) and Annex C (Local Content Declaration: Summary Schedule) must be used for this purpose. If the bid is for more than one product, the local content percentages for each product contained in Declaration C must be used.
- The amendment of the stipulated minimum threshold for local production and content is not allowed.
- Accounting Officer or delegated official must ensure that the Declaration Certificate for Local Content (SBD 6.2) and the Annex C (Local Content Declaration: Summary Schedule) are submitted as part of the bid documentation.
- The dti has the right to, as and when necessary, request for auditors certificates confirming the authenticity of the declarations made in respect of local content.
- Accounting officer or delegated Official must verify the accuracy of the rates of exchange quoted by the bidder in paragraph 4.1 of the Declaration Certificate for Local Content (SBD 6.2)

(b) Second stage: Evaluation in terms of the 80/20 or 90/10 preference point systems.

- Only bids that achieve the minimum stipulated threshold for local production and content may be evaluated further. The evaluation must be done in accordance with the 80/20 or 90/10 preference point systems prescribed in Preferential Procurement Regulations 2011.
- Accounting Officer or delegated Official must ensure that contracts for Textile, Clothing, Leather and Footwear are awarded at the prices that are market related taking into account, among others, benchmark prices, value for money and economies of scale.
- Where appropriate, prices may be negotiated with short listed or preferred bidders. Such negotiations must not prejudice any other bidders.

17.2.5 Post award and reporting requirements.

Once the bids are awarded, the dti must be:

- Notified of all the successful bidders and the value of contracts; and
 - Provided with copies of the contracts, the SBD 6.2 Certificates together with the Declaration C submitted by the successful bidders.
- (a) The purpose of the requirements above is for the dti to among others conduct compliance audits with a view to monitor the implementation of the industrial development strategies.
- (b) Contractors must not be allowed to sub-contract in such a manner that local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.
- (c) Where after the award of a bid, contractors experience challenges in meeting the stipulated minimum threshold for local content the dti must be informed accordingly in order for the dti to verify and in consultation with the Accounting Officer provide directives in this regard.

17.4 Non Designated Sectors

- Where there is no designated sector, Accounting Officer or delegated Official, may decide to include a specific bidding condition that only locally produced goods, services or works or locally manufactured goods with a stipulated minimum threshold for Local Content.

18. COMMITTEE SYSTEM FOR ACQUISITION

18.1 Committees to be appointed

- The following Committees have to be appointed in writing by the Accounting Officer for a two-year period initially and thereafter rotated:
 - * Specifications (standing with co-opting of members according to goods, service or commodity needed)
 - * Evaluation (standing)
 - * Adjudication (standing)

18.2 Mandate, Role, Compilation, and functionality of Committees

18.2.1 Mandate

Sections 44 and 56 of the Public Finance Management Act empower accounting officers/authorities to delegate powers or instruct any official in that department, trading entity, constitutional institution or public entity to perform any of the duties assigned to the accounting officer in terms of the Act.

Sections 38(1)(a)(iii) and 51(1)(a)(iii) of the Act, prescribes that accounting officers / authorities must ensure that the institution has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective.

Treasury Regulations 16A6.2 stipulates that an institution's supply chain management system must, *inter alia*, provide for the adjudication of bids through a bid adjudication committee, the establishment, composition and functioning of bid specification, evaluation and adjudication committees and the selection of bid adjudication members.

18.2.2 Roles

18.2.2.1 Specifications Committees

- * The bid specifications committee must ensure that proper and unbiased (not brand specific) specification is compiled for the specific requirement.
- * Proper terms of reference (TOR) are drawn-up for the service required that clearly indicate the scope of the requirement, the ratio between price and functionality, evaluation criteria as well as weights and values.
- * Strategic sourcing principles were applied and that the market was properly researched and analyzed.
- * The necessary funds are available.
- * If and when applicable, in addition to the General Conditions of Contract, appropriate Special Requirements and Conditions of Contract are specified.
- * The preference point system utilized in accordance with the revised Preferential Procurement Regulations, effective 7 December 2011.
- * Latest updated bid documents to be used, refer SCM Practice Note 2/2011 – 12 issued by Provincial Treasury.
- * The specifications committee will annually approve and revise generic specifications e.g. stationery, general requisites but for other quotations and bids compile specifications per case.

18.2.2.2 Bid Evaluation Committee

- * To ensure compliance in line with policy e.g. Preferential Procurement Policy Framework Act and Regulations (point system, responsiveness of bids), Treasury Regulations Chapter 16A, SCM procedures, practice notes and the Northern Cape Provincial SCM Policy.
- * Bids may only be evaluated in accordance with the evaluation criteria stipulated in the bid documentation. If necessary additional information from all bidders can be requested. When any bid is passed over or regarded as non-responsive, the reasons for passing over such bid must be defensible in any court of law.

Examples in this regard may include negative banking reports, non-submission of tax clearance certificates, not having the necessary capacity and/or capability, being listed on the Register for Tender Defaulters, etc. Deviation by more than a predetermined percentage from the cost estimate of the project/commodity cannot be regarded as a justifiable reason for the rejection of a bid and has, therefore, not been approved as an evaluation norm by the Provincial and National Treasury.

Calculation of points

- The percentage scored for functionality should be calculated as follows:

Each panel member should award values for each individual criterion on a score sheet. The value scored for each criterion should be multiplied with specific weighting for the relevant criterion to obtain the marks scored for the various criteria. These marks should be added to obtain the total score. The following formula should then be used to convert the total score to a percentage for functionality:

$$PS = So / Ms \times AP$$

Where

PS = Percentage scored for functionality by bid/proposal under consideration

So=Total score of bid/proposals under consideration

Ms=maximum possible score

AP=percentage allocated for functionality

- The price submitted by the lowest acceptable bidder must be used in the formula as the basis (Pmin) when calculating the points for price. The revised Preferential Procurement Regulations, 2011, provides for the calculation of points for price and B-BBEE status level contributor, provided a valid certificate is included in the bid document.
- Should, during any stage of the evaluation / or adjudication process, it becomes evident that the bidder who scored the highest number of points is an unacceptable or non-responsive bidder and this bidder also scored the highest points for price, the points scored by each bidder must be recalculated using the new lowest acceptable bidder's price as the basis (Pmin) for calculation purposes.
- Accounting officers / authorities are not allowed to award the bid to the bidder next-in-line as this may lead to an incorrect award of the bid.

Recalculation of the points may result in a different bidder, other than the one who was next-in-line, scoring the highest number of points.
- Make recommendations to the bid adjudication committee. All recommendations must be signed by the chairperson of the committee.
- Disputes must be referred to the Accounting Officer.

18.2.2.3 Bid Adjudication Committee

- * The Bid Adjudication Committee must consider the recommendations/reports of the Bid Evaluation Committee and depending on the delegated powers make;
 - a final award; or
 - a recommendation to the accounting officer/authority to make a final award; or
 - make another recommendation to the accounting officer/authority on how to proceed with the relevant procurement.
- * The Bid Adjudication Committee must ensure that:
 - all necessary bid documents have been submitted;
 - disqualifications are justified and that valid and accountable reasons / motivations were furnished for passing over of bids;

- scoring has been fair, consistent and correctly calculated and applied; and
 - bidders declarations of interest have been taken cognizance of.
 - Declaration of bidders past SCM practices, NCP8 and NCP9 – certificate of independent bid determination.
- * If a bid other than the one recommended by the Bid Evaluation Committee is approved by the Bid Adjudication Committee, the accounting officer/authority or a senior official delegated by the accounting officer, must first be notified. The accounting officer/authority or the delegated official may after consideration of the reasons for the deviation, ratify or reject the decision of the Bid Adjudication Committee.
 - if the decision of the Bid Adjudication Committee to approve a bid other than the one recommended by the Bid Evaluation Committee is ratified, the Auditor-General, the relevant Provincial Treasury must be notified of the reasons for deviating from such recommendation.
 - The accounting officer/authority or his/her delegate may at any state refer any recommendation made by the Bid Evaluation Committee or the Bid Adjudication Committee back to that committee for reconsideration.
 - * The Bid Adjudication Committee must also consider and rule on all recommendations/reports regarding the amendment, variation, extension, cancellation or transfer of contracts awarded. Shortened advertising periods, deviations from procedures must be properly motivated and reflected in minutes.
 - * The Bid Adjudication Committee may also, if and when required to do so, consider for approval the recommendations of the Bid Specification Committee in order to ensure that:
 - a proper and unbiased specification is compiled for the specific requirement;
 - proper Terms of Reference are drawn up for the service required clearly indicating the scope of the requirement, the ratio between price and functionality, the evaluation criteria as well as their weights and values;
 - strategic sourcing principles were applied and that the market was properly researched and analyzed;
 - the necessary funds are available;
 - if and when applicable, in addition to the General Conditions of Contract, appropriate Special Requirements and Conditions of Contract are specified;
 - the preference point system prescribed are consistent with the requirements of the Preferential Procurement Regulations; and

18.2.3 Compilation and Functionality of Bid Committees

18.2.3.1 Membership in general and important procedural matters

- * In order to meet their obligations, committee members must be familiar with and adhere to all relevant SCM legislation, policy, guides, practice notes and circulars. All committee members must sign the SCM Code of Conduct and record must be kept.
- * The integrity of committee members and supply chain practitioners must never be compromised and the highest level of professional competence must be maintained. Furthermore, courteous conduct is expected of all committee members.

- * All members as well as the secretary of the Specification, Evaluation and Bid Adjudication Committees should be cleared at the level of "Confidential" and must annually declare their business and financial interest to the accounting officer/authority.
- * Each member as well as all officials rendering administrative support must sign a declaration form at each Evaluation and Bid Adjudication Committee meeting. Members are to declare that they will:
 - accept the confidentiality of the meeting;
 - not make known anything regarding the meeting, unless officially authorized; and
 - not purposefully favour or prejudice anybody.

An example of such a declaration is attached as Annexure I

- * Members of all committees must be appointed in writing by the Accounting Officer, preferably for a period of two-years.
- * Members of one committee may not serve on another committee or be co-opted on another committee.
- * Any gifts must be declared or invitations by suppliers in a register kept by Departmental SCM.

NOTE: NEITHER A MEMBER OF A BIDSPECIFICATION OR EVALUATION COMMITTEE, NOR A CONSULTANT OR ADVISOR OR A PERSON ASSISTING THE EVALUATION COMMITTEE, MAY BE A MEMBER OF A BID ADJUDICATION COMMITTEE. ONLY APPOINTED GOVERNMENT OFFICIALS MAY SERVE ON ANY OF THE COMMITTEES NOT ADVISORS OR CONSULTANTS OR SHORT TERM CONTRACT WORKERS.

- * All committees must have an appointed chairperson and the evaluation and adjudication committee must in case the chairperson is not present elect from among its members an acting chairperson.
- * Membership should be composed of cross-functional teams but on each committee at least one member must be a supply chain practitioner.
- * As and when the need arises, additional officials or advisors can be co-opted on account of the specialized knowledge.

Secretariat

- An official from the Department's SCM section must be made available to act as secretary.

Quorum

- The quorum for all committee meetings is 50% of its appointed members **plus one (1)**

Secundi

- To ensure continuity and not to delay meetings, the accounting officer can appoint secundi to temporarily replace members that are absent from meetings due to illness, leave, etc. and decide on the powers of secundi e.g. will it be the same as members.

Duties of the Chairperson

- has a casting vote as well as a deliberate vote;
- retains all his/her rights as a member;
- may adjourn a meeting;
- may rule on points of order which will be final;
- may withdraw any proposal or other matters under discussion before it is put to the vote; and
- convene extraordinary committee meetings on request.

The chairperson shall-

- maintain order during a meeting and ensure that business is conducted in an orderly manner;
- before opening a meeting, ensure that it is properly constituted;
- protect the rights of every member;
- vacate his/her seat and elect a vice chairperson, should he/she wish to partake in a discussion in a partial manner;
- regulate participation in discussions;
- deal with items in sequence of the agenda;
- ensure that members know exactly what they are required to vote on if there is no consensus on a matter;
- ensure that only one member holds the floor at any one time;
- provide guidance by directing the meeting, but shall not dominate;
- conduct meetings in a formal manner; and
- formulate clearly the decisions to be minuted and sign and approve the minutes after they have been verified for correctness.

IN CASE A DEPARTMENT, DUE TO UNPROVIDED CIRCUMSTANCES NEED TO APPOINT A VICE-CHAIRPERSON

The vice-chairperson has the same powers and duties as those of members and in addition, where necessary, shall-

- in the absence of the chairperson, preside as chairperson; and
- take the seat of and act as chairperson, should the chairperson wish to partake in partial discussions.

In the event that the chairperson and vice –chairperson are absent from a meeting, the members present may elect one of their members to preside at such meeting.

The Secretary Shall-

- in conjunction with the chairperson / vice chairperson compile an agenda and determine dates of meetings;
- give notice of proposed meetings to committee members;

- process and distribute all submissions/reports together with the agenda to committee members at least two working days before the actual meeting takes place;
- minute all decisions taken at meetings;
- adhere strictly to the stipulations of the National Archives of South Africa Act, No. 43 of 1996 and accompanying directives;
- ensure that the proceedings at meetings are recorded mechanically;
- give written feedback of all decisions taken by the committee; and
- inform a committee member if in a declaration of interest he/she is mentioned and do not issue relevant bids reports, evaluation or any applicable document to such member.
- be responsible for all the administrative tasks of the Committee.

Members of the Committee shall-

- be fully conversant with the powers and limitations of the committee as well as all directives pertaining to Supply Chain Management, including the relevant sections of the Constitution, Public Finance Management Act and accompanying Treasury Regulations, Preferential Procurement Policy Framework Act, Northern cape Provincial Supply Chain Management Policy, Broad Based Black Economic Empowerment Act and accompanying regulations, all directives issued by National Treasury / Provincial Treasury as well as the delegated powers issued by the accounting officer/authority and at all times act in accordance with above-mentioned legislation, regulations and procedures;
- apply their minds to matters at hand in order to take meaningful and accountable decisions and in the event of doubt or uncertainty, to propose that matters be referred back for clarification;
- in advance, furnish a written apology should he/she not be able to attend a meeting;
- strive to be punctual for meetings and to stay for the duration of a meeting;
- prepare properly for each meeting by studying the agenda and submissions/reports;
- be familiar with meeting procedures in order to make a contribution in the correct manner; and
- refrain from repetition and duplication of contributions by other members,
- Immediately excuse his/herself if they have any interest in a bid/procurement or conflict of interest or have been mentioned in a declaration of interest by a bidder.

Members have the right to-

- have advance knowledge of the agenda;
- submit proposals and participate in proceedings;
- vote; and
- have a dissenting voice and have the reasons therefore recorded

Co-opted members/advisors

- Co-opted members/advisors have the same powers and duties as members but excluding the right to vote on any matter under discussion. They must sign and abide by the declaration of confidentiality.
- Members of the Bid Evaluation Committee may present their recommendations / reports to the Bid Adjudication Committee and clarify any issues but shall not have any voting powers.

Observers

Officials from Provincial Supply Chain Management will attend all Evaluation and Adjudication Committee meetings as observers and can render advice if requested by the chairperson. On an ad hoc basis they can attend Specifications committee meetings.

Meeting procedures:

Notice of meetings

The agenda of a meeting serves as the program of the meeting and unless the Committee decides otherwise.

In order to afford members the opportunity to prepare for the meeting, the agenda shall be made available to members, as well as Provincial Supply Chain Management at least two working days before the actual meeting.

NB. A member of the Provincial Supply Chain Management unit in Provincial Treasury must attend all evaluation and adjudication committee meetings as observer.

Submissions / reports to the Committee

All submissions / reports to the Committee must be in writing, substantiated and channeled through the Bid Specification Committee or Bid Evaluation Committee.

Minutes

The minutes will be the written record reflecting in a brief, clear and impartial manner the decisions of the Committee. The signed minutes will serve as proof of the decisions of the Committee.

Should a member wish to have a specific matter other than a decision recorded, it must be specifically requested. A member's reasons for a dissenting voice must also be recorded.

Proceedings are also recorded mechanically to enable the secretary to prepare verbatim reports when required by a court of law.

Register

Members shall sign a register at each meeting, serving as attendance register as well as an undertaking to confidentiality of that meeting.

This register will also provide for the declaration of interest.

Members must declare all gifts and invitations accepted to social events received from suppliers or potential suppliers, irrespective of the value of such a gift. Such declarations must be captured in the minutes of the meeting and must be reported to the chief financial officer. Any such gifts and/or invitations accepted by the chief financial officer must be reported to the accounting officer.

Chairperson

Each meeting will be presided by the chairperson. In the absence of the chairperson, the elected chairperson will preside as chairperson, in which case he/she will occupy the chair for the duration of the meeting, even if the chairperson should arrive during the course of the meeting.

Every member attending the meeting owes deference to the chairperson and may be removed if that person does not respect the authority of the chair.

Points of order

A member may speak on a point of order only if he/she is of the opinion that there has been a departure from the rules or order, e.g. an objection against improper language used, that a speaker has transgressed, etc.

Conduct of Committee Members

Rights and responsibilities of committee members

MATTERS OF IMPORTANCE

A person as a member of the Committee obtains certain rights such as a share in the control of the matter for which the meeting is constituted and the member may exercise this right by making proposals, voting, etc. A member's conduct at the meeting must however not infringe on the rights of others. The rules of conduct are based on mutual respect for the rights of each other and respect for the purpose of the meeting.

Members must accept that-

- the chairperson must be respected;
- the chairperson has the right to interrupt and ask a member to stop speaking if the address is repetitive or irrelevant to the matter under discussion;
- a member must stop speaking if ruled out of order by the chairperson;
- decisions are taken by general consensus or by a show of hands when a matter is decided upon by voting;
- once a decision has been taken it is final and not open for discussion unless additional information which was not available at the time of decision making can be produced;
- information and documentation are confidential;
- a member (including the chairperson or acting chairperson) shall beforehand declare his/her interest regarding any matter serving before the Committee and the member will then excuse her/himself during the discussion of that matter. No discussion by the member concerned will be allowed prior to the serving of that submission/report and such a member may not retain that specific submission/report.

Any personal interest that may infringe, or might reasonably be deemed to infringe on a member's impartiality in any matter relevant to their duties must be recorded;

- out voted members must abide by the majority decision of the Committee; and

no communication should be made with a bidder/contractor by any member prior to or after any meeting.

18.2.3.2 Composition and functionality of the Specifications Committee

- Two permanent members – one a Supply Chain Management practitioner.
- Co-opt three (3) to five (5) members depending on goods / services / commodities required.
- The Specifications Committee must compile specifications for goods / services / commodities to be acquired. Specifications must be generic no brand name, trademark or exclusive design may be used. (SABS specifications to be utilized when available or an accredited recognized South African institute).
- For consultancy services technical specifications and functionality must be taken into account.
- Performance requirements are preferred.
- Annually general specifications for stationery and other general requisites used continuously must be revised and approve to allow flow of work. For all other requirements (quotations or bids) specific specifications must be draft upon request.
- Ensure the correct point system is used in accordance with the Preferential Procurement Policy Framework Act Regulations of 2011. If functionality form part of the evaluation criteria it must be included in the bid document.
- External specialist advisors may be used – If so - they and their companies will however be prohibited from bidding.
- Minutes of each meeting according to format (**Annexure G**) must be kept and copies forwarded to Provincial Supply Chain Management monthly.

18.2.3.3 BID EVALUATION COMMITTEES

Compilation and functionality

- Five (3) permanent members (**NOTE THEY MAY NOT BE MEMBERS OF THE SPECIFICATION OR ADJUDICATION COMMITTEE**) one Supply Chain Practitioner, a Finance Practitioner and three knowledgeable members in line with the line function of the relevant department.
- Members can be co-opted e.g. technical personnel per need.
- All permanent members are well versed with Supply Chain Management procedures, policy guidelines and practice notes.
- Minutes be kept according to template (**Annexure G**) and copies forwarded to Provincial Supply Chain Management monthly, not later than the 15th of the month. Members must declare interest in any bid to be evaluated before discussion of bid and excuse themselves from discussions.
- Evaluation must be done in accordance with specifications and evaluation criteria (points and other) set out in bid documents.
- Evaluate bidders' ability to execute the contract and ensure all forms are duly completed, declaration of interest completed and valid original SARS certificate attached.
- A report with recommendations properly motivated must be compiled, signed by all members and forwarded to the Head of Supply Chain Management for submission to the Adjudication Committee.
- Any disputes must be referred to the Accounting Officer.

18.2.3.4 BID ADJUDICATION COMMITTEE

Compilation and functionality

- Five (5) permanent members inclusive of the Head of Supply Chain Management and the Chief Financial Officer who should preferably be the chairperson. The other thereto four members should preferably be senior officials.
- Members can be co-opted (only government officials) e.g. technical personnel to clarify technical or other related matters. If outside consultants are needed to provide inputs due to specialize knowledge **they can be co-opted for the purpose only** and inputs must be provided in writing and appended to the minutes of the meeting. Once they have provided their inputs, they must leave the meeting.
- All permanent members are well versed with Supply Chain Management procedures, policies, guidelines and practice notes.
- Minutes must be kept according to the template (Annexure G) and copies forwarded to Provincial Supply Chain Management monthly, not later than the 15th of the month.
- Members must declare interest in any bid to be evaluated before discussion of the bid and excuse themselves from discussions – It must be recorded in the minutes. If a member is indicated by a bidder(s) in their declaration of interest the secretary will inform such a member/s and not send relevant documentation to the member.
- Depending on the Committee's written delegations, make a final award or a recommendation to the Accounting Officer for the final award or how to proceed with the relevant acquisition.
- If the chairperson and vice chairperson are absent from a meeting, the members of the Committee present must elect a chairperson to preside at the meeting.
- **NOTE: NEITHER A MEMBER OF A BIDSPECIFICATION OR EVALUATION COMMITTEE, NOR A CONSULTANT OR ADVISOR OR A PERSON ASSISTING THE EVALUATION COMMITTEE, MAY BE A MEMBER OF A BID ADJUDICATION COMMITTEE. ONLY APPOINTED GOVERNMENT OFFICIALS MAY SERVE ON ANY OF THE COMMITTEES NOT ADVISORS OR CONSULTANTS OR SHORT TERM CONTRACT WORKERS.**
- If the Adjudication Committee deviates from the recommendations of the Evaluation Committee within their delegated authority to directly award bids it must be fully motivated and the Accounting Officer notified to ratify the decision, Provincial Treasury must be informed as well as the Auditor-General.
- The Accounting Officer may at any stage of the bidding process refer any recommendation made by either the Evaluation- or Adjudication Committee back to that Committee for reconsideration.

19. ACQUISITION OF BANKING SERVICES

- Departments must liaise with Provincial Treasury prior to the contracting-in of commercial banking services.
- Must be acquired through competitive bids. Provincial Treasury must approve specifications and be co-opted on all Committees.
- May not be for a period of more than five (5) years at a time.
- The process for acquisitioning a contract for banking services must commence at least nine (9) months before the end of an existing contract.

- Closure date for the submissions of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper and bids must be restricted to banks registered in terms of the Banks Act (94: 1990). The validity period of bids must be 90 days.

20. ACQUISITION OF INFORMATION TECHNOLOGY (IT) RELATED GOODS OR SERVICES

- The Accounting Officer may and in according with the SITA act must in other cases; request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- Both parties must enter into a written agreement to regulate the services rendered by, and payments to SITA.
- The Accounting Officer must notify SITA together with a motivation of the IT needs if:
 - * transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
 - * transaction value of a contract to be acquired whether for one or more years exceeds R50 million (VAT included).
- If SITA comments on departmental submissions and departments disagree with such comments, the comments and reasons for rejecting or not following such comments must be submitted to the Accounting Officer, Provincial Supply Chain Management, Provincial Treasury as well as the Auditor-General.

21. ACQUISITION OF GOODS AND SERVICES UNDER CONTRACTS SECURED BY NATIONAL AND PROVINCIAL TREASURY

- The Accounting Officer may participate in Transversal Contracts concluded by National or Provincial Treasuries.
- Written requests to participate in Transversal Contracts must be submitted to Provincial Supply Chain Management and no other contract may be concluded during the period for the acquisition of the same goods / services or similar products.

22. ACQUISITION OF GOODS NECESSITATING SPECIAL SAFETY ARRANGEMENTS

- The acquisition and storage of goods in bulk, which necessitate special safety arrangements, including gasses and fuel, should be avoided wherever possible.
- Where the storage of goods in bulk is justified, justification must be based on sound reasons, including the total cost of ownership, cost of advantages and environmental impact and must be approved by the Accounting Officer.

23. APPOINTMENT OF CONSULTANTS

- The Accounting Officer or delegated official must adhere to National and Provincial Treasury guidelines (Practice note 2 of 2004 and updates) without exception and Department of Public Service and Administration (DPSA) guidelines on hourly tariffs. Where fees are prescribed by a professional body e.g. The Valuers Association etc., the Accounting Officers must ensure compliance without exception.
- Consultancy services must be acquired through competitive bids if the value of the contract exceeds R500 000.00 (VAT included) or the duration period of the contract exceeds one (1) year.

- In addition to any requirements by this Policy for competitive bids, bidders must furnish particulars of-
 - * All consultancy services provided to an Organ of State in the last five (5) years. An Organ of State is defined as: *(National, Provincial and Local Government as well as Public Entities)*
- Copy right of any document produced, also working papers e.g. questionnaires used, research to compile statistics etc., patent rights or ownership in any plant, machinery, system or process designed or devise by a consultant in the course of the consultancy services is vested in the Northern Cape Provincial Administration and will be managed by the Accounting Officer of a specific Department or Public Entity.
- A roster of consultants/suppliers for goods/services that are frequently used can be established. Such a roster/list must be updated annually, advertising also in the State Tender Bulletin. Such a roster/list may not include services/goods offered by a transversal contract in which the department participates and may not exceed goods/services for R10 million rand, inclusive per case.
- Such a roster/list of prospective service providers is used were the relevant goods/services are procured on a repetitive basis.
- For consultants the necessary National and Provincial Treasury prescripts, refer to Annexure E of this policy, must be adhere to.
- Such a list of suppliers may not be used to avoid using or replace the Provincial Suppliers database for procurements up to R500 000 (inclusive) per case.
- **Engagement of consultants in terms of new instruction note 01 of 2013 and 2014.**

In terms National Treasury Instruction note 01 of 2013/2014 the Department may only contract in consultants after a gap analysis has confirmed that the Department does not have the requisite skills or resources in its full time employ to perform the assignment in question. Based on the business case, the appointment of consultants may only be approved by Accounting Officer.

- Consultant may only be remunerated at the rates:
 - a) Determined in the "Guideline for fees" issued by the South African Institute of Chartered Accountants (SAICA);
 - b) Set out in the "Guide on Hourly Fee Rates for Consultants", by the Department of Public Service and Administration (DPSA); or
 - c) Prescribed by the body regulating the profession of the consultant.
- Hotel accommodation and related costs in respect of consultants may not exceed one thousand three rand R1300.00 per night per person (including dinner, breakfast and parking). Air travel must be restricted to economy class and claims for kilometers may not exceed the rates approved by the Automobile Association of South Africa.
- All contract of consultants must include penalty clauses for poor performance and in this regard, accounting officer must invoke such clauses where deemed necessary.
- Accounting Officer must develop consultancy reduction plan by 31 March of each year for implementation in the ensuing financial year. The first consultancy plan required in terms of Treasury Instruction Note must be developed before 31 March 2014 for implementation in the 2014/2015 financial year.

24. DEVIATION FROM ACQUISITION PROCESSES IN AN URGENT OR EMERGENCY SITUATION

- The Accounting Officer may deviate from the official acquisition processes established by this Policy and acquire any required goods / services through any convenient process, which may include direct

negotiations in an extremely urgent or emergency situation. Service providers must be registered on the Provincial database.

- Price quotations can be invited verbally, telephonically or per facsimile. The relevant parties in case of a verbal or telephonic quotation must confirm their offers in writing as soon as possible. The Accounting Officer must approve all relevant acquisitions and record reasons for audit purposes. All reasonable steps must be taken to ensure market related prices are obtained.

Other deviations from acquisition processes

- If goods and services are produced or available from a single supplier only, the Accounting Officer must request the profit margin of the supplier to determine the reasonability of price quoted and compare the retail price of the goods as well to the quoted price.
- Acquisition of special works of art or historical objects where specifications are difficult to compile.
- Acquisition of animals and game. Current market related prices must be acquired to determine whether prices quoted are reasonable and documentation must be kept for audit purposes.
- If a specific supplier is needed to adhere to warranty/guarantees/ maintenance plan agreements.
- Reasons for deviations must be recorded for audit purposes.
- A quarterly report must be supplied to Provincial Supply Chain Management on all deviations from acquisition processes as per policy.
- Services rendered by tertiary institutions and public entities. Based on thorough analysis of the market, institutions may invite bids for services that can only be provided by tertiary institutions through a bidding process from the identified tertiary institutions. Where the required services can be provided by tertiary institutions, public entities and enterprise from the private sector, institutions must invite competitive bids.

25. UNSOLICITED BIDS

- The Accounting Officer or delegated official should refrain from considering unsolicited bids received outside a normal bidding process as it eliminates transparent competitive acquisition processes.
- If an unsolicited bid is considered due to an exceptional product benefit, or cost advantages or a person or company is the sole provider of a product or service the following procedure must be followed:-
 - The Adjudication Committee must consider the unsolicited bid, the meeting must take into account any comments submitted by the public and have to acquire written inputs from Provincial Supply Chain Management prior to making a recommendation to the Accounting Officer.
 - If any recommendations of the Provincial Supply Chain Management Unit are not followed, the Accounting Officer must submit to the Auditor-General and the Provincial Supply Chain Management Unit the reasons for rejecting or not following these recommendations. Such submissions must be made **before** any commitment is made or contract entered into. The Auditor-General and Provincial Supply Chain Management Unit will have 30 days from receiving

the submission to provide inputs to the Accounting Officer during which period no contract may be concluded.

26. CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER

- If a service provider acts on behalf of a Department to provide any service or act as a collector of fees, services charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or amount collected, the contract between the service provider and Department / Public Entity must stipulate:
 - a cap on the compensation payable to the service provider; and
 - that such compensation must be performance based.

27. COMBATING OF ABUSE OF SUPPLY CHAIN MANAGEMENT (SCM) SYSTEM

The Accounting Officer or delegated official must establish measures in line with Northern Cape Provincial Supply Chain Management Policy for the combating of abuse of the Supply Chain Management system:

- Take all reasonable steps to prevent abuse of the Supply Chain Management system;
- Investigate any allegations against an official or other role player of corruption, favouritism, unfair or irregular practices, improper conduct or failure to comply with the Supply Chain Management policy & system, and when justified take steps against such official or other role player and inform Provincial Supply Chain Management of such steps; and
 - report any alleged criminal conduct that may constitute an offence to the South African Police Services (SAPS).
- Check National Treasury's Supplier's Database, prior to awarding any contract to ensure that no recommended bidder, nor any of its directors, is listed as companies or persons prohibited from doing business with the public sector.
- Reject a proposal for the award of a contract if the recommended bidder or any of its directors have committed a corrupt or fraudulent act in competing for the particular contract.
- Reject any bid from a bidder who during the last five (5) years has failed to perform satisfactorily on a previous contract with the NCPG or any other Organ of State after written notice was given to that bidder that performance was unsatisfactory. Check National and Provincial Treasury's databases.
- Reject the bid of any bidder or any of its directors if it has abused the Supply Chain Management system of the NCPG or has committed any improper conduct in relation to the system and has been convicted for fraud or corruption during the past five (5) years.
- Cancel a contract awarded to a supplier of goods or services if the supplier committed any corrupt or fraudulent act during the bidding process or the execution of the contract or an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person.
- Reject any bid from a supplier who fails to provide a valid original SARS tax clearance certificate as stipulated per requirement or proof from the South African Revenue Service that the supplier is registered for tax purposes and has no outstanding tax obligations or has made arrangements to

meet outstanding tax obligations. (GOOD STANDING FOR PROCUREMENTS UP TO R500 000 INCLUSIVE PER CASE AND TENDER for procurements above R500 000 (inclusive) per case).

- Accounting Officers or delegated officials must inform Provincial Supply Chain Management of any actions taken in terms of paragraph 26.

28. PROVINCIAL SUPPLY CHAIN MANAGEMENT (SCM) NON-COMPLIANCE MECHANISM

Provincial Supply Chain Management established an institutional mechanism to receive grievances regarding non-compliance with the prescribed Supply Chain processes, procedures and policies. Enquiries will be conducted and recommendations made for remedial actions. Departmental grievances as well as suppliers' grievances will be addressed in line with the Northern Cape Provincial Framework for Non-Compliance and the Provincial Grievance mechanism and Committee.

29. COMPLIANCE WITH ETHICAL STANDARDS

- All officials and other role players in the Supply Chain Management (SCM) system must comply with the highest ethical standards 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.
- The National Treasury's Code of Conduct for Supply Chain Management Practitioners must be adhered to by all officials, Specifications-, Evaluation- and Adjudication Committee members and all other role players involved in Supply Chain Management (Annexure B).
- A Supply Chain Management official, Committee member or other role player-
 - must recognize and disclose any conflict of interest that may arise;
 - must treat all suppliers and potential suppliers equitably;
 - may not use their position for private gain or to improperly benefit another person;
 - must ensure that they do not compromise the credibility or integrity of the supply chain management system through the acceptance of gifts or hospitality or any other act;
 - must be scrupulous in their use of public property; and
 - must assist Accounting Officers in combating corruption and fraud in the Supply Chain Management System.
- If a Supply Chain Management official, Committee member or other role player, or any close family member, partner or associate of such official, Committee member or other role player, has any private or business interest in any contract to be awarded, that official, Committee member or other role player must:
 - disclose that interest; and
 - withdraw from participating in any manner whatsoever in the process relating to that contract.
- An official in the Supply Chain Management Unit who becomes aware of a breach of or failure to comply with any aspect of the Supply Chain Management system must immediately report the breach or failure to the Accounting Officer in writing.

30. NATIONAL INDUSTRIAL PARTICIPATION PROGRAM

An Accounting Officer or delegated official must obtain clearance for a recommended bidder from the Department of Trade and Industry, in respect of contracts, which are subject to the National Industrial Participation Program of the relevant department.

31. REPORTING OF SUPPLY CHAIN MANAGEMENT (SCM) INFORMATION

- The Accounting Officer or delegated official must submit to Provincial Supply Chain Management such information as indicated in the Policy within the timeframes indicated and in the required format.

32. DEBRIEFING OF UNSUCCESSFUL BIDDERS

- After notification of award to the successful bidder a non-compulsory session with unsuccessful bidders can be arranged and broad reasons for awarding the contract discussed.
- Unsuccessful bidders can request in writing reasons for the awarding of a bid to a successful bidder. Written answers should be provided within 10 working days. If the explanation is unsatisfactory a request can be directed to Provincial Supply Chain Management compliance unit, the Public Protector and the Access to Information Act can be utilize to obtain a level of information that will not compromise government but encourage transparency.

PART 3: LOGISTICS MANAGEMENT

33. SYSTEM OF LOGISTICS MANAGEMENT

- The Accounting Officer or delegated official must establish an effective system of logistics management in accordance with Provincial Supply Chain Management prescripts to provide for:-
 - setting of inventory levels (If a warehouse system is used);
 - coding of items;
 - placing of orders;
 - receiving and distribution of goods;
 - ensure goods / services received comply with quality and quantity and other Specifications;
 - expediting orders;
 - transport management;
 - vendor performance;
 - maintenance; and
 - contract administration
- For fixed capital items (construction, road projects, immovable property) a similar process, *mutatis mutandis* has to be adopted i.e. appropriate classification, additions to asset and property register, valuation, maintenance, main use, etc. Take note of the Northern Cape Land Administration Act 6: 2002.
- From this process the financial system is activated to generate payments.

- LOGIS was rolled out to all provincial departments and Public Entities by 31st March 2013. The system will be updated as need arises by National Treasury.
- Inventory Management forms part of Logistics Management.

PART 4: DISPOSAL MANAGEMENT AND LETTING OF STATE ASSETS

34. A SYSTEM OF DISPOSAL AND LETTING OF STATE ASSETS MANAGEMENT

- The Accounting Officer or delegated official must establish an effective system of disposal management for the disposal of unserviceable, redundant or obsolete state assets and take into account the Northern Cape Land Administration Act 6: 2002 when letting assets.
- Obsolescence planning or depreciation rates per item required to be calculated.
- Database of all redundant material and items is kept.
- Material and items is inspected for potential re-use.
- Determine a strategy of how the items are going to be disposed of.
- Disposal of movable assets must be at market-related value utilizing price quotations, competitive bids or auction, whichever is most advantageous to the state, unless determined otherwise by the relevant treasury in conjunction with Provincial Supply Chain Management.
- Any sale of immovable state property must be at market-related value, unless the relevant treasury approves otherwise.
- An Accounting Officers official may also:
 - transfer assets to other organs of state at market-related value free of charge by means of formal vouchers or if so determine destroy the asset (e.g. expired medicine).
- An Accounting Officer must when disposing of computer equipment, firstly approach a state institution involved in education and / or training to determine whether such an institution requires such equipment and if so transfer such equipment free of charge to the identified institution.
- An Accounting Officer must, when disposing of firearms, obtain the approval of the National Conventional Arm Control Committee.
- The letting of immovable state property must be at market-related tariffs and in accordance with the Northern Cape Land Administration Act 6: 2002 unless Provincial Treasury approves otherwise.
- No state property may be let free of charge without the prior approval of Provincial Treasury. A register of all properties let must be kept, rental per month, method of collecting rental and rental agreement with occupant, all relevant expenses incurred on the property e.g. rates and taxes and maintenance. Property must be valued every five (5) years by a valuator that is a registered member of the South African Valuers Association.
- The Accounting Officer must review, at least annually when finalizing the budget, all fees, charges, rates or scales of fees or other charges relating to the letting of state property to ensure sound financial planning and management.
- Ensure where assets are traded in for other assets (e.g. MEC vehicles), the highest possible trade-in price is negotiated by approaching at least three (3) dealerships. If an acceptable trade-in value can't be negotiated the vehicle can be sold per bid or per auction whichever the most advantageous to NCPG also refer to Treasury Regulations

CHAPTER 3

35. GENERAL

Departments must ensure in line with Government's empowerment targets that at least seventy percent (70%) of the rand value of acquisitions is awarded to Black Empowerment Entities per financial year.

CHAPTER 4

36. RISK MANAGEMENT

- The Accounting Officer or delegated official must establish an effective system of risk management for the identification, consideration and avoidance of potential risks in the Supply Chain Management system.
- Risk management must include-
 - Identification of risks on a case-by-case basis;
 - allocation of risks to the party best suited to manage such risks;
 - acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
 - management of risks in a pro-active manner and the provision of adequate cover for residual risks;
 - assignment of relative risks to the contracting parties through clear and unambiguous contract documentation; and
 - risk management must form part of the business plan for the acquisition of all goods and services.

CHAPTER 5

37. PROVINCIAL SUPPLY CHAIN MECHANISM FOR DEALING WITH NON-COMPLIANCE OF SUPPLIERS

1. DEFINITIONS AND APPLICATION

1.1 Definitions

The words and expressions set out below should have the meanings assigned to them, unless the context indicates a different intention-

"ACT" means the Public Finance Management Act, (PFMA) 1999 (Act No. 1 of 1999)

"Aggrieved party" means any potential bidder whose interests is injuriously affected and can demonstrate direct loss as a result of the relevant institution's non-compliance with Supply Chain Management norms and standards.

"Business days" means Monday through to Friday, excluding weekends and public holidays.

"GRC" means the Grievance Review Committee, appointed by the relevant Treasury's Accounting Officer.

"Grievance" means a dissatisfaction regarding non-compliance with the prescribed Supply Chain Management process

"Head of Treasury" means the Minister of Finance in the case of National Government and the MEC of Finance: Northern Cape Provincial Government.

"Institution" means a department, constitutional institution or public entity listed in Schedule 3A and 3C of the PFMA.

"Mechanism" means a system for dealing with grievances arising from Non-Compliance to Supply Chain Management prescribed norms and standards

"Norms and standards" means all Supply Chain Management (SCM) prescripts, practice notes, circulars and directives issued by the Provincial Treasury

"Northern Cape Provincial Treasury" means the Northern Cape Provincial Treasury established in terms of the PFMA

"Resolve" means to settle a grievance by a party in accordance with the grievance mechanism. **[NOTE: It doesn't necessarily mean the settlement will be favourable to the aggrieved party.]**

1.2 Application

This mechanism applies to all-

- (a) Provincial departments;
- (b) Constitutional institutions; and
- (c) Public Entities listed in Schedules 3A and 3C to the Act

2. PROVINCIAL DEPARTMENTAL GRIEVANCE REVIEW COMMITTEE (DGRC) FRAMEWORK

In accordance with the framework for Supply Chain Management (SCM) sections 76 4 (c) and 38 (1)(iii) of the Public Finance Management Act (PFMA) that was promulgated in Government Gazette Number 25767 on the 05 December 2003 included as Chapter 16A in the Treasury Regulations published in conjunction with the PFMA, states that:

- 9(3) *The Provincial Supply Chain Management Unit must establish a mechanism:*
- (a) *to receive and consider complaints regarding alleged non-compliance with the presented minimum norms and standards; and*
 - (b) *to make recommendations for remedial actions to be taken if non-compliance of any norms and standards is established, including recommendations of criminal steps to be taken in the case of corruption, fraud or other criminal offences.*

3. NON-COMPLIANCE MECHANISM

- (a) The framework for Supply Chain Management mandates the establishment of an institutional mechanism to receive grievances regarding non-compliance to the prescribed supply chain process, conduct enquiries and to make recommendations for remedial action.
- (b) In dealing with a grievance, the established mechanism should determine whether government departments responsible for the supply chain management process under review has complied with the supply chain management procedural requirements.

3.1 Grievances regarding alleged non-compliance with minimum SCM norms and standards

- (a) An aggrieved party who considers that:

- (i) The solicitation of expression of interest through quotations was in breach of minimum Supply Chain Management norms and standards;
- (ii) The advertisements of bids and expression of interests were not made in accordance with Provincial Treasury Supply Chain Management directives;
- (iii) The awarding of a government contract was made in breach of the Supply Chain Management procurement policy and processes;
- (iv) The Department is in breach of the terms and conditions of the existing contract.
- (v) Aggrieved department / institution who considers that a service provider is in breach of the terms and conditions of the existing contract.

3.2. Scope of the Mechanism

3.2.1 Demand / Acquisition Management

- (i) Grievances relating to the management of departmental demand / acquisition planning regarding the timing and specifications of the solicitation of expression of interest through quotations, advertisements of bids and expressions of interests restrict potential bidders from reasonable business planning and application of interest.
- (ii) Grievances relating to the minimum norms and standards in the awarding process of Supply Chain contracts.

3.2.2 Logistics Management

Grievances relating to the contractual logistics process in the coding of items, setting of inventory levels, placing of orders, receiving and distribution, stores / warehouse management, expediting orders, transport management and supplier performance.

3.2.3 Disposal Management

Grievances relating to quotation, bidding processes and contractual practices regarding disposal and letting of assets.

3.2.4 Code of conduct for Officials of a Department

Grievances relating to the conduct of Supply Chain Management officials regarding:

- (i) The acceptance of gifts or hospitality or any act liable for the preferential treatment of a potential or current service provider within the supply chain management process;
- (ii) Unfairness and partiality in the performance of duties;
- (iii) Affording of undue preferential treatment to any group or individual or unfairly discriminating against any group or individual.

4. RESPONSIBILITIES OF ACCOUNTING OFFICERS

The Public Finance Management Act bestows the implementation responsibility of the Supply Chain function to Accounting Officers or accounting authorities, which includes the cooperation with Provincial Treasury's Supply Chain Management unit to institute a grievance mechanism (grievance review committee) within the Supply Chain Management system.

Accounting Officers or delegated official must institute a mechanism for the management of non-compliance with the Supply Chain Management system or the procedures associated with the procurement system, and when justified:

- (i) Take steps against such business entity, official or other role player, and inform the Provincial Treasury's Supply Chain Management Unit of such steps;
- (ii) Report any conduct that may constitute an offence to the South African Police Services; and
- (iii) Maintain a register of all grievances received, outcomes of investigations, and remedial actions taken relating thereto.

5. INSTITUTIONAL MECHANISM IN DEALING WITH SUPPLY CHAIN NON-COMPLIANCE

5.1 Grievances Resolution Process Management

For grievances arising from the Supply Chain Management process within a department, the following institutional process is to be followed:

Phase 1: Inquiry

Grievances relating to any aspect of the Supply Chain process need to be directed to the relevant Supply Chain Officer of the relevant Department. The aggrieved party will register its concern on the standard grievance registration form (See Annexure D).

The parties shall make every effort to resolve amicably such inquiry by mutual consultation within five (5) working days.

Phase 2: Request for Mediation

If the 'Inquiry' in Phase 1 failed to resolve the grievance by mutual consultation, a mediation process will be instituted. The aggrieved party will note its concern in writing to the Supply Chain Management Unit of the relevant Department and Accounting Officer.

On receipt of the grievances, its Office will institute a Supply Chain Management grievance review committee, consisting of cross-functional senior and supply chain officials not involved in the grievance within the department as committee members. The departmental grievance review committee will identify the relevant role-players in the grievance, to review and mediate all grievances as per case within the Supply Chain Management system.

The Supply Chain Management departmental grievance review committee will resolve the dispute within ten (10) working days of it having been referred to the committee.

Where the dispute involves a current service provider, notwithstanding any reference to mediation / arbitration, and/or court proceedings herein, the parties shall continue to perform their respective obligations under the contract unless otherwise decided in terms of the provisions of the 'Government Procurement General Conditions of Contract'.

Phase 3: Utilization of the Northern Cape Provincial Supply Chain Management Grievance Review Committee

Utilization of the formal Grievance Mechanism issued in terms of Treasury Regulations 16A9.3

If the department cannot resolve the grievance then the supplier/department must refer the grievance to Provincial Supply Chain Management who instituted a formal provincial grievance mechanism in terms of Treasury Regulations 16A9.3

6. ROLE OF THE PROVINCIAL SUPPLY CHAIN MANAGEMENT IN TREASURY IN MANAGING THE OUTCOMES OF THE SUPPLY CHAIN MANAGEMENT NON-COMPLIANCE MECHANISM

- (i) Accounting Officers will report all filed grievances / mediation / arbitration process outcomes and court verdicts relating to the Supply Chain Non-compliance Management Mechanism as and when to the Provincial Treasury Supply Chain Management Compliance Unit (Norms and Standards) for policy control measure purposes; or to utilize the Northern Cape Provincial Supply Chain Management Grievance Review Committee to preside over a grievance lodged.
- (ii) Service providers found guilty of corruption, fraud or other criminal offences through the Supply Chain Non-compliance Management Mechanism, and thereafter convicted by a court of law, will be restricted from government contracting in terms of "The Prevention and Combating of Corrupt Activities Act", No. 12 of 2004. Registrar for Tender Defaulters, at National Treasury and Provincial Treasury and will be accessible to the public.

7. PROVINCIAL SUPPLY CHAIN MANAGEMENT GRIEVANCE REVIEW COMMITTEE (NCPSCMGRC) FRAMEWORK

7.1 ROLES AND RESPONSIBILITIES

7.1.1 Northern Cape Provincial Supply Chain Management Sub-Directorate

The Northern Cape Provincial Treasury Supply Chain Management sub-directorate shall-

- (a) institute grievance mechanism within National Treasury's prescripts and may issue further practice notes to provincial institutions;
- (b) review grievances, conduct inquiries and make recommendations on remedial action with respect to provincial institutions and where the grievance is in respect of provincial transversal contracts;
- (c) maintain a record of all grievances and the outcomes thereof within their jurisdiction;
- (d) report all grievances and outcomes to the National Treasury;
- (e) provide administrative function to the Provincial Supply Chain Management grievance review committee; and
- (f) report all deviations to the National Treasury and the Auditor-General within twenty (20) business days of notification by the accounting officer concerned.

7.1.2 Accounting Officers or Authorities

The PFMA bestows the implementation responsibility of the Supply Chain Management function to Accounting Officers or Authorities, which would necessitate co-operation with the Northern Cape Provincial SUPPLY CHAIN MANAGEMENT sub-directorate to institute a grievance mechanism within the Supply Chain Management system. Accounting Officers or Authorities shall-

- (a) receive grievances and submit to the Northern Cape Provincial Treasury Supply Chain Management sub-directorate for review;
- (b) implement remedial action as recommended by the Northern Cape Provincial Supply Chain Management sub-directorate;
- (c) notify Supply Chain Management sub-directorate of the steps taken regarding the recommendation;
- (d) where there is deviation from the recommendation, provide substantial motivation within ten (10) business days to the Northern Cape Provincial Treasury Supply Chain Management sub-directorate; and
- (e) report any conduct that may constitute a criminal offence to the South African Police Services.

8. COMPOSITION AND POWERS OF THE NORTHERN CAPE SUPPLY CHAIN MANAGEMENT GRIEVANCE REVIEW COMMITTEES

8.1 Grievance Review Committee (NCPSCMGRC)

- (a) The committee shall be a cross-functional team consisting of public servants with Legal, Financial and Supply Chain Management expertise at senior management level.
- (b) The NCPSCMGRC shall consist of at least five (5) members to be appointed by the Head of the Northern Cape Provincial Treasury or his or her delegate.
- (c) The members of the committee should not be members of any bid committees.
- (d) The Head of the Northern Cape Provincial Treasury or his or her delegate shall appoint the chairperson and deputy chairperson from the members of the committee.
- (e) The members appointed shall serve for a minimum period of two (2) years but not exceeding three (3) years.
- (f) The committee should be established within the existing Supply Chain Management compliance structure in the Northern Cape Provincial Treasury.
- (g) The chairperson of the committee may co-opt advisors from within or outside the Public Service where necessary.

8.2 Advisors

- (a) Any person co-opted, as an advisor may not be involved in decision-making
- (b) A person co-opted as an advisor who is not an employee in the public service may be remunerated at the rate prescribed by the Minister of Public Service Administration in consultation with the Northern Cape MEC of Finance.
- (c) An advisor must declare to the Committee any conflict of interest, including amongst others-

- (i) his or her status as an interested or affected party to the grievance; or
- (ii) the fact that he or she provided advice to the aggrieved party in respect of the matter in discussion

8.3 Powers of the Grievance Review Committees

- (a) The NCPSCMGRC may, amongst others, recommend the following remedies to the grievances:
 - (i) issuance of a new solicitation;
 - (ii) the re-evaluation of a bid;
 - (iii) the termination of a contract; and
 - (iv) the re-award of a contract to the aggrieved party.
- (b) Where a notice is received prior to the contract award, the relevant committee may postpone any award until the resolution of the grievance.
- (c) Where delaying the award would be contrary to the public interest, the review should continue without delaying the performance of a contract.
- (d) Where there is deviation from the recommendation of the NCPSCMGRC, the matter should be reported to the Auditor-General.
- (e) Where the aggrieved party decides to approach the court for the grievance under review, the NCPSCMGRC shall terminate the review process with immediate effect.

9. BASIS FOR FILING GRIEVANCES REGARDING NON-COMPLIANCE

The following shall constitute, amongst others, the basis for filing grievances in relation to non-compliance with Supply Chain Management norms and standards.

- 9.1 An aggrieved party who considers that the drawn specification and the solicitation of expression of interest through quotation and bids, is in breach of the prescribed minimum norms and standards.
- 9.2 The advertisements of bids and the expression of interests were not made in accordance with prescribed minimum norms and standards.
- 9.3 The award of a government contract was not conducted in accordance with the prescribed minimum norms and standards.
- 9.4 The institution has not acted in accordance with the terms and conditions agreed upon in the existing contract.
- 9.5 The disposal of redundant or obsolete goods was not conducted in terms of the prescribed minimum norms
- 9.6 A public official has not acted in accordance with the Code of Conduct for Supply Chain Management Practitioners.

10. GRIEVANCE FORMAT

- 10.1 The standard format for filing of a grievance should be in writing and should at least contain the following information:
- (a) The identity of the aggrieved party that filed the objection;
 - (b) The bid or contract concerned;
 - (c) The institution responsible for the requirements or awarding of the contract;
 - (d) A clear and detailed statement of the grounds of the grievance and nature of interest of the bid;
 - (e) The events surrounding the grievance; and
 - (f) The address, telephone numbers, faxes numbers and the contact person to which all the correspondence regarding the grievance may be sent.
- 10.2 The aggrieved party should also make available all information and documents applicable to the grievance.
- 10.3 The grievance may be submitted by registered mail, electronically or courier, or may be delivered in person.

11. GRIEVANCE RESOLUTION PROCESS

The following process should be followed in the event of a grievance arising from non-compliance with the Supply Chain Management process within an institution:

11.1 Grievance Review Process

- (a) Grievances relating to any aspect of the supply chain process shall be directed to provincial supply chain management sub-directorate, attention the Deputy Director: Supply Chain Management.
- (b) The aggrieved party may submit its grievance in writing or make use of the available grievance form;
- (c) The aggrieved party should also make available all the relevant supporting information and documents relating to the grievance;
- (d) On receipt of the grievance, the relevant treasury should acknowledge receipt and assign a file number for future reference;
- (e) The Northern Cape Provincial Treasury sub-directorate Provincial Supply Chain Management should evaluate, within five (5) business days, the grievances received to determine the merit of the grievance;
- (f) Where it is determined that the grievance is trivial, frivolous, vexatious or without merit, the Northern Cape Provincial Treasury sub-directorate Provincial Supply Chain Management may dismiss the grievance and notify the aggrieved party in writing together with reasons thereof;
- (g) Should the sub-directorate decide to conduct the review, the Northern Cape Provincial Treasury Supply Chain Management sub-directorate should notify the Accounting Officer or Authority of the institution concerned that the aggrieved party has referred the matter at issue for review;
- (h) On receipt of the notification from the Northern Cape Treasury Supply Chain Management sub-directorate, the Accounting Officer or Authority should respond within five (5) days with a statement that fully answers to all the issues that form the basis for the grievance;

- (i) The Northern Cape Treasury Supply Chain Management sub-directorate may obtain legal or technical advice or assistance when necessary;
- (j) In conducting the review, the NCPSCMGRC may reach its decision on remedial action to be taken through the consideration of the written submissions;
- (k) The NCPSCMGRC should then notify the Accounting Officer or Authority of its findings and recommendations.
- (l) On receipt of the Accounting Officer or Authority's response to the recommendations; the treasury may inform the aggrieved party.

11.2 Grievance Recourse

Nothing herein contained shall exclude the aggrieved party's rights from applying to the competent court for urgent relief.

11.3 Time Frames for Filing and Reviewing Grievances

The process of resolving grievances may delay the acquisition or delivery of goods and services required by the Government. Thus it is essential that time limits for filing and reviewing grievances should be set to avoid the adverse impact of delays.

These time limits provide anyone wishing to express a grievance with a reasonable opportunity to make a submission.

- (a) For grievances relating to the pre-award process, the aggrieved party may file a grievance within ten (10) business days after he or she became aware of the basis of the grievance but it should be done within the stipulated validity period of the bid.
- (b) For grievances relating to the post-award process, the aggrieved party may file a grievance within ten (10) business days after he or she became aware of the basis of the grievance, but it should preferably be done before the commencement of the contract.
- (c) Where possible treasury should complete the review process within ten (10) business days.
- (d) Treasury may extend any time period set out herein where there exist exceptional circumstances and consideration of fairness is required but not exceeding thirty (30) business days.

11.4 Withdrawal of grievance

Should the parties resolve the grievance at any time during the process or an aggrieved party decides not to pursue the grievance any further, the grievance may be withdrawn.

11.5 Dismissal of grievance

The grievance may be dismissed where, after consideration, it is determined that -

- (a) The grievance has no valid basis;
- (b) The grievance is not in respect of an acquisition by a government institution;
- (c) The grievance is not filed within the time limits set in this mechanism; and
- (d) The aggrieved party has failed to provide information required by NCPSCMGRC or Northern Cape Provincial Treasury Supply Chain Management sub-directorate.

NORTHERN CAPE PROVINCIAL GOVERNMENT

PROVINCIAL SUPPLY CHAIN MANAGEMENT

APPLICATION FOR FILING A GRIEVANCE

Registration No.: Bid/Contract No.; Grievance No.; Day/Month/Year:

Aggrieved Party	Name	
	Address	
	Name of Representative	(If the aggrieved party is a company, please give the name of its representative)
	Tel / Fax	
SCM Official	Name	
	SCM Unit Address	
	Tel / Fax	
SCM matter of issue	Bid/Contract Number	
	Name of SCM Department	
Description of grievance	(To ensure prompt handling, please provide as much detail and supporting documentation as possible)	
SCM Official: Outcome of grievance		
<p>.....</p> <p>SCM Official</p> <p>Date:</p> <p style="text-align: right;">.....</p> <p style="text-align: right;">Aggrieved Party</p> <p style="text-align: right;">Date:</p>		

NORTHERN CAPE PROVINCIAL GOVERNMENT

**PROVINCIAL SUPPLY CHAIN MANAGEMENT
APPLICATION FOR REQUEST FOR MEDIATION**

Registration No.: Bid/Contract No.; Grievance No.; Day/Month/Year:

Aggrieved Party	Name	
	Address	
	Name of Representative	(If the aggrieved party is a company, please give the name of its representative)
	Tel / Fax	
SCM Official	Head of SCM Unit	
	SCM Unit Address	
	Tel / Fax	
SCM matter of issue	Bid/Contract Number	
	Name of SCM Department	
Description of grievance	(To ensure prompt handling, please provide as much detail and supporting documentation as possible)	
Head of SCM: Outcome of mediation		
<p>.....</p> <p>SCM Official Aggrieved Party</p> <p>Date: Date:</p>		

NORTHERN CAPE PROVINCIAL GOVERNMENT

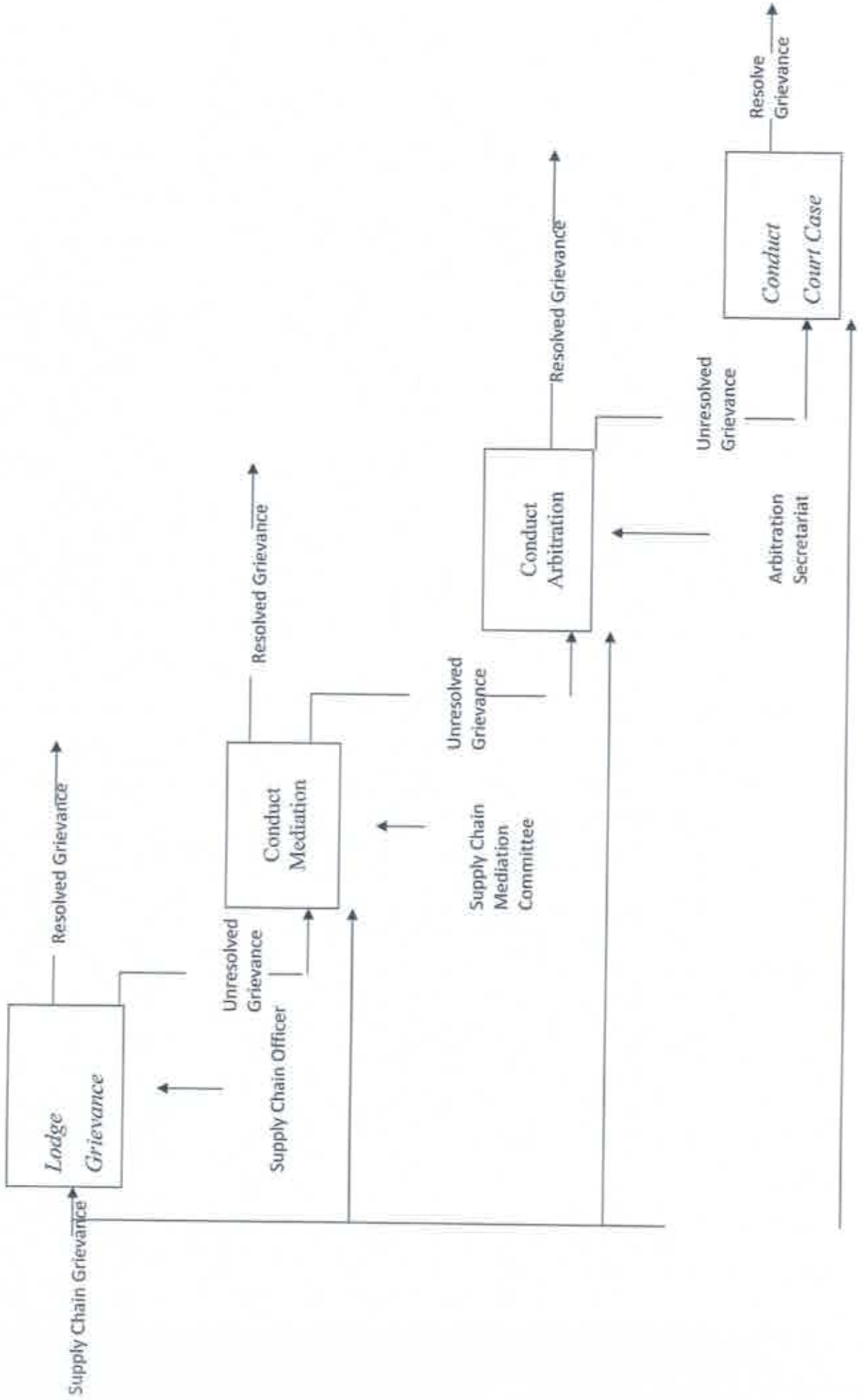
PROVINCIAL SUPPLY CHAIN MANAGEMENT

APPLICATION FOR REQUEST FOR ARBITRATION

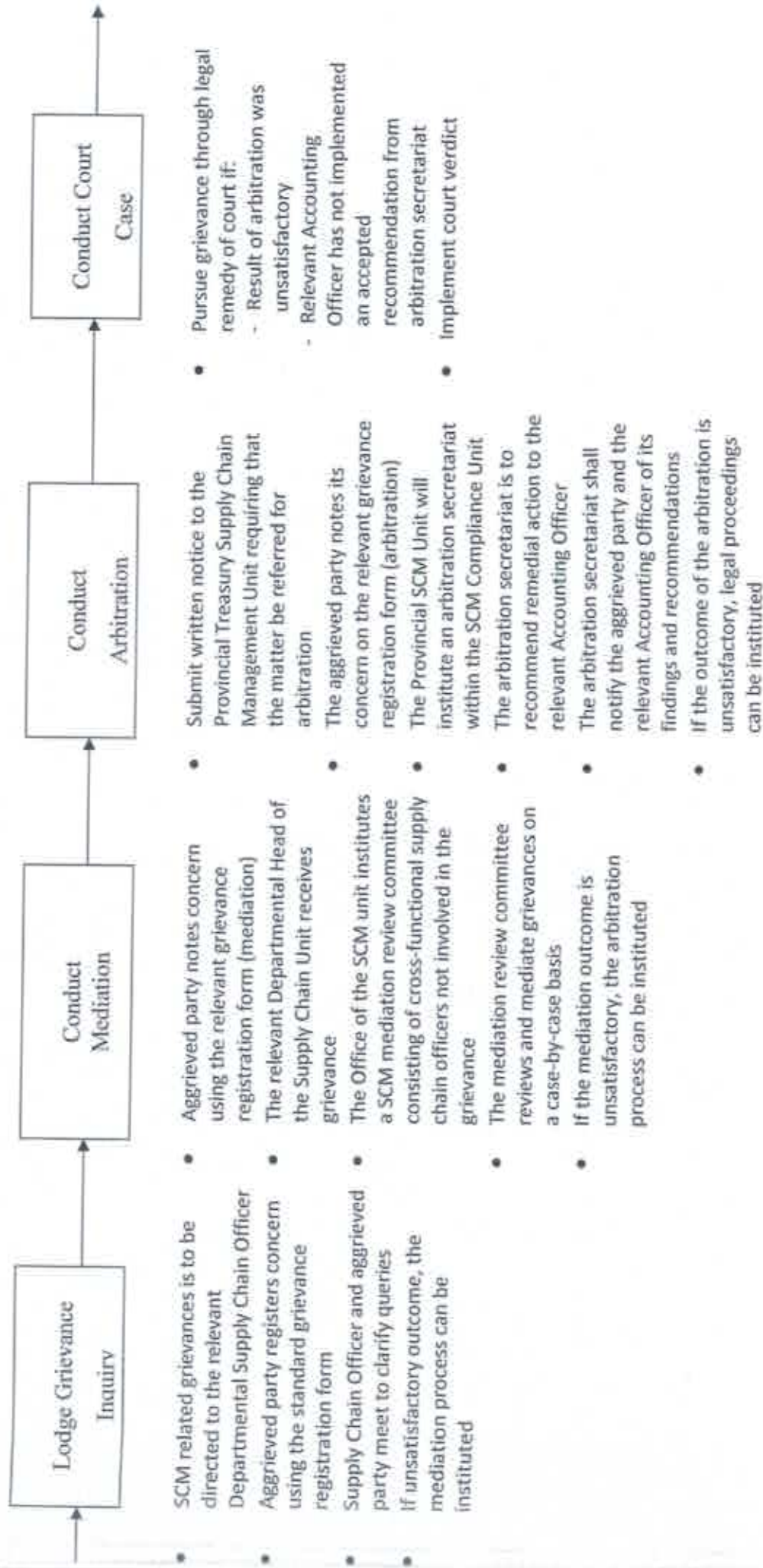
Registration No.: Bid/Contract No.; Grievance No.; Day/Month/Year:

Aggrieved Party	Name	
	Address	
	Name of Representative	(If the aggrieved party is a company, please give the name of its representative)
	Tel / Fax	
SCM Official	Head of SCM Unit	
	SCM Unit Address	
	Tel / Fax	
SCM matter of issue	Bid/Contract Number	
	Name of SCM Department	
Description of grievance		(To ensure prompt handling, please provide as much detail and supporting documentation as possible)
Head of SCM Compliance Unit: Outcome of arbitration		
..... SCM Official Date: Aggrieved Party Date:

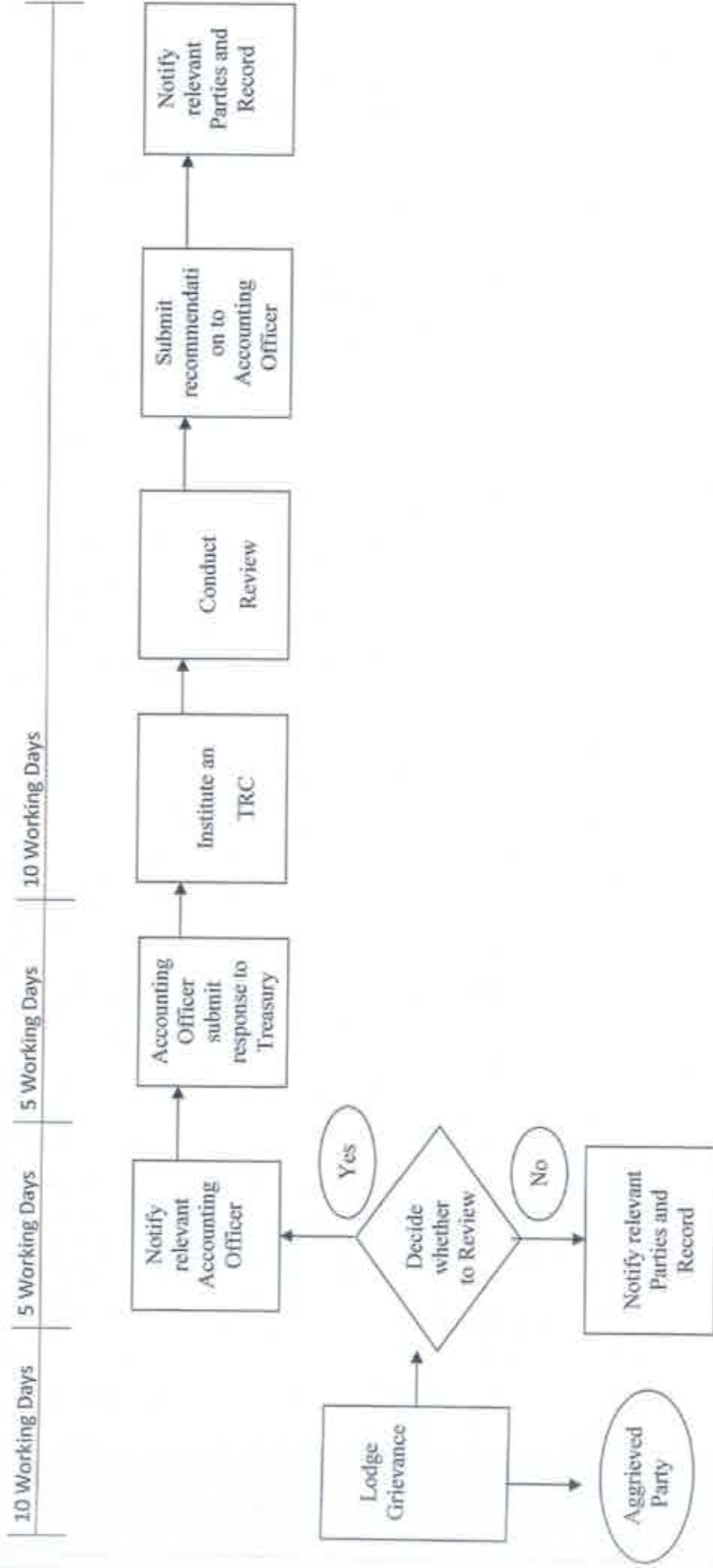
SUPPLY CHAIN GRIEVANCE PROCESS



SUPPLY CHAIN MANAGEMENT GRIEVANCE RESOLUTION PROCESS



GRIEVANCE REVIEW PROCESS FLOW DIAGRAM



38. PERFORMANCE MANAGEMENT

- The Accounting Officer or delegated official must establish an effective internal monitoring system in order to determine, on the basis of retrospective analysis, whether the prescribed and authorized Supply Chain Management process were followed and whether the desired objectives were achieved.
- Some of the issues that must be reviewed are:
 - achievement of goals;
 - compliance to norms and standards;
 - savings generated;
 - if a warehousing system is used, the stores efficiency;
 - cost variance per item acquired over a financial year;
 - breach of contract;
 - vendor performance;
 - cost efficiency of acquisition process (i.e. the cost of the process itself);
 - whether departmental / public entity supply chain objectives are consistent with government's broader Policy focus;
 - material construction standards become increasingly aligned with those standards that support international best practice;
 - the principle of co-operative governance as expounded in the Constitution are observed; and
 - reductions of regional economic disparities are promoted.

39. SPONSORSHIPS

- The Accounting Officer or delegated official must promptly disclose to 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.

40. TIMEOUS PAYMENT OF ACCOUNTS

It is deemed necessary to reiterate the timeous payment of accounts for goods, works and/or services delivered or partially delivered. The General Conditions of Contract prescribes that accounts must be paid within thirty-days (30) after delivery of goods and/or services. Concerns were raised that institutions are not fulfilling their obligations in this regard. Non-payment within the prescribed contractual limit may be regarded as breach of contract. Accounting officers/authorities are, therefore, urged to have the necessary measures in place to ensure that accounts are paid within the contractual time limit.

41. **COMMENCEMENT**

This Supply Management Policy takes effect on the date on which it is adopted by the Accounting Officer of the Department of Economic Development and Tourism.

RECOMMENDED



Mr Kuberin Packirisamy
Chief Financial Officer

March 2014

Date:

APPROVED



Mr Patrick Seboko
Head of Department

March 2014

Date: