## Supply Chain Management

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<th><strong>Document title:</strong> Supply Chain Management</th>
<th><strong>Formal document number:</strong> Pol-0150A-CFO</th>
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<tbody>
<tr>
<td><strong>Revision</strong></td>
<td>A</td>
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<tr>
<td><strong>Purpose of the Document:</strong> To promote efficient and effective procurement and provisions systems and practices that will enable the College to deliver the required quality and quantity of services to its students.</td>
<td><strong>Commencement Date:</strong> 08 Feb.2013</td>
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<tr>
<td><strong>Scheduled review by:</strong></td>
<td><strong>10 Feb.2014</strong></td>
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<tr>
<td><strong>Approval by Administrator.</strong></td>
<td><strong>Signature:</strong> A</td>
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<td><strong>Approval date:</strong> 26/02/13</td>
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<td>Pg 16</td>
<td>Paragraph 1.2 remove state</td>
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<td>Pg 18</td>
<td>Paragraph 1.5 misprint on colleges</td>
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<td>Pg 23</td>
<td>Paragraph 3.2.1 Forth row: added JBCC.</td>
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<td>Pg 23</td>
<td>Paragraph 3.2.3 third paragraph added that the name must be taken out of the list.</td>
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<td>Pg 41</td>
<td>4.6 Second Paragraph</td>
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<td>Pg 69</td>
<td>Second bullet removed Municipality and changed to College.</td>
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The College adopted the SCM Policy as it is but amended areas that are mentioned above to fit for their operations. This Policy is adopted and abide all College employees, any one not following this will be charged.

Approved by
J. Jacobs  Administrator: Signature: Date: 26/02/13
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Invitation of bids

Start

Compilation of standard bidding documents

Language: Must be prepared in English

Clarity of bidding documents

Must encourage competition

Must be clear and precise on:

Test

Standards

Methodology to judge conformity of equipment delivered vs work as performed

All prospective bidders should be provided the same information and should be assured of equal opportunities to obtain additional information on a timely basis. Institutions should provide reasonable access to project sites for visits by prospective bidders. For works of complex supply contracts, particularly those requiring refurbishing existing works or equipment, a pre-bid conference may be arranged whereby potential bidders may meet with the College representatives to seek clarification.

Minutes of the meeting should be provided to all prospective bidders. Any additional information, clarification, or correction of errors, or replications of bidding documents should be sent to each recipient of the original bidding documents in sufficient time before the deadline for the receipt of bids to enable bidders to take appropriate actions.

If necessary, the deadline should be extended.

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Conditions of the bid

Start

All contracts must be based on the General conditions of Contract (GCC) issued by National Treasury

PPPFA

Bidding documents must be in compliance with the precepts of the PPPFA and the Regulations pertaining thereto

Selling of bid documents

The Colleges may charge (under their own discretion) between R50 and R300 to cover the costs of stationary printing and delivery. No additional costs may be charged and should be kept to a minimum

Tax clearance

Only original certificates with the bid documents may be accepted by the Colleges. The Colleges may interact with SARS to check the validity of the certificates received.

Registration of Suppliers / Bidders

Where contractors / bidders are requested to register with controlling authorities, these registrations should be in place before the closure of the bids. The colleges should ensure that registration requirements are in place prior to making such a request. A condition of bid.

Bid security (if applicable)

The Accounting Officer may decide whether the Colleges or the suppliers should bear the risk. Regularly applicable to Construction contracts. Where securities are required, Accounting Officers must ensure that the contents of these arrangements meet with legal requirements. Accounting Officers can decide whether securities are required at all bidding phases.

Securities should not discourage bidders. Bid security should remain valid for a period of 4 weeks beyond the validity period for the bids.

If a contractor withdraws before a bid award or contract commences, the bid security may be forfeited of favour of the College.

Release bid securities to unsuccessful bidders.

Use of brand names:

Avoid reference to brand names, catalogue number or similar classification.

If unavoidable add "or equivalent" after such reference.

Inspectors, tests and analysis

Where inspection is part of the process, the documentation must specify that premises of bidder should be open at all reasonable hours for inspection by a representative of the College.

Pricing - General

Bidders must quote unit prices or lump sum prices. Price must include all duties, taxes, percentage fees for cost re-imbursable contracts and other services.

Pricing - Turnkey contracts

Bidders must quote price of installed plant at site, including all costs for supply of equipment, marine and local transportation and insurance, installation and commissioning as well as associated works and all other services included in the scope of contract such as design, maintenance, operation, etc. Should include all duties, taxes and other levies.

Price adjustments due to escalation and fluctuation

The Accounting Officer must decide whether to allow for price adjustments as part of the contract.

Price adjustments should be specified in the bid documents, including formulas and time frames at which intervals such price adjustments should be considered.
1.1 STATEMENT OF INTENT

The intent of this policy is to provide a framework that will enable the College to source and appoint service providers, contractors and suppliers that will provide the College with the correct goods and services at the correct time, quality and quantity and at the correct place in the most cost effective way.

The key drivers underlying this intent are:

- Value for money;
- Affordability;
- Efficiency and effectiveness;
- Equity;
- Open and effective competition;
- Fair;
- Equitable;
- Accountable and
- Transparent.

1.2 APPLICABILITY

This policy is issued under the authority of the Accounting Officer of the College and is applicable to all bids, quotations and contracts.

This policy will be applicable to all entities that are under management and wholly owned by College.

The policy will apply not only to the procurement of goods and services but also to the letting or leasing of College property and equipment, the acquisition or granting on any right for and on behalf of the College as well as the disposal of assets.

1.3 LEGISLATIVE FRAMEWORK

Key principals contained in the following legislation were applied to develop this policy:

- Public Finance Management Act, 1999 (Act No 1 of 1999 as amended by Act 29 of 1999)(PFMA)
- Treasury Regulations: Framework for Supply Chain Management,
- Supply Chain Management: A Guide to Accounting Officers,
- The Preferential Procurement Policy Framework Act (Act 5 of 2000) and the regulations pertaining to the Act,
- Broad Based Black Economic Empowerment Act,
- The Code of Conduct for Supply Chain Management practitioners (Practice Note 4 of 2003) and corruption measures.
- Preferential Procurement Policy Framework Act and Regulations
1.4 DEFINITIONS
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:

- "competitive bidding process" means a competitive bidding process as described in this policy;
- "competitive bid" means a bid in terms of a competitive bidding process;
- "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 in writing;
- "long term contract" means a contract with a duration period exceeding one year;
- "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;
- "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.
- "other applicable legislation" means any other legislation applicable to provincial supply chain management refer to in this policy;
- "written or verbal quotations" means quotations referred to in paragraph XX of this policy;
- "Accounting Officer" means the Principal of the College;
- "treasury" means the National Treasury or a provincial treasury, as may be appropriate in the circumstances;
- "provincial treasury" means a treasury established in terms of section 17;
- "National Treasury" means the National Treasury established by section 5.

1.5 SCOPE
Based on the principals contained in the PFMA, the Chief Financial Officer must promulgate financial regulations in terms of which Supply Chain Management will function efficiently and effectively.

In order to achieve a fair, effective, transparent and equitable Supply Chain processes, Supply Chain Management should ensure the stimulation and development of emerging contractors/businesses by awarding tenders in terms of development objectives and price mechanisms. The SCM system should also promote joint ventures/consortiums between EME’S and larger companies. Breaking down large contracts into smaller parts for effective participation of the marginalized sector of society into the contraction or industrial projects should also be promoted.

To ensure the promotion of the Broad Based Black Economic Empowerment Policy, economic transformation must take place in order to enable meaningful participation of black people in the economy of the College.

With this system it is Government's intent to modernize the management of the public sector, to make it more people friendly and sensitive to meeting the needs of the communities it serves. With this system the responsibility for decisions is placed in the hands of the Accounting Officers. The accountability chain is the most critical driver for improving financial management in the Colleges.

In addition the award and management of contracts is an area where fraud and corruption has been found in the past and the College's fraud prevention plan must reflect this, through cost-effective use of control measures and procedures and an ethical culture.

A detailed financial delegation should be applied and served on all persons that through their everyday work have to comply with the directives of this policy.

The delegations should be signed for and placed on file. The same principle will apply to all SCM Committee members, i.e. appointed in writing and authorized accordingly.
PART 2

2.1 THE POLICY OBJECTIVE

The objective of the SCM policy is to promote efficient and effective procurement and provisioning systems and practices that will enable the Colleges to deliver the required quality and quantity of services to its students. The establishment of uniformity in procedures, policies, documentation and contract options and the implementation of sound systems of control and accountability should form the cornerstone of College supply chain practices.

The six main elements to this Supply Chain Management policy include:

1. Demand Management;
2. Acquisition Management;
3. Logistics Management;
4. Disposal Management;
5. Performance Management; and
6. Risk Management (compliance unit).

2.2 GENERAL PROVISIONS AND APPLICATION OF THE POLICY

Commencement and Review

- This Policy is effective from the date on which it is adopted by the Council.
- The Accounting Officer must annually review the implementation of this Policy and consider as necessary any amendments required that should be presented to Council for approval.

Application of Policy

This Policy applies to:

- the procuring of goods or services and letting of property, including construction works and consultant services and
- the disposal of goods no longer required.

Unless specifically stated otherwise, this Policy does not apply to contracts with another organ of state for:

- the provision of goods or services,
- the procurement of goods and services under a contract secured by that other organ of state, provided that the relevant supplier has agreed to such procurement.

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

To the extent that it may be necessary, the Accounting Officer may delegate or sub-delegate to staff members any power conferred on the Accounting Officer in terms of the Supply Chain Management Policy.

No decision-making in terms of any supply chain management powers and duties can be delegated to an advisor, consultant or professional service provider.

Oversight Role

- The Accounting Officer will exercise all oversight roles on and over the administration of Supply Chain Management Function.
- The Accounting Officer is the College Principal and will exercise the role of oversight.
- A SCM activity report will be submitted at every Council meeting by the Accounting Officer.
- The occurrence and the detection of any fraud and corruption, including fruitless, wasteful and irregular expenditure will be reported to Council.

Competency

The Accounting Officer must ensure that all persons involved in the implementation of this Policy meets the prescribed competency levels, and where necessary, shall provide relevant training.

The training of officials involved in implementing this Policy shall take into account any National Treasury guidelines issued in terms of supply chain management.

Supply Chain Management Unit

The College has to establish a Supply Chain Management unit to assist the Accounting Officer to implement this Policy.

Communication

All correspondence with regard to this Policy shall be addressed to the Head of Supply Chain Management.

Availability of Supply Chain Management Policy

A copy of this Policy and other relevant documentation should be made available on the College website.

2.3 GENERAL PROCUREMENT GUIDELINES

Strategy Objectives

- To evaluate and improve the current procurement practices to achieve better value for money and to ensure customer needs are met through effective strategic sourcing strategies and Service Level Agreements.
• To ensure good practices are identified and applied consistently throughout the College by means of policies and procedures aligned to best practice principals contained in legislation.
• To align procurement activities with other strategies adopted (e.g. Facilities Management strategies and Technology strategies). This will include demand management to strategic sourcing strategies, contract management, supplier management and invoicing and payments.
• To ensure that current and future procurement activities are planned, monitored and reviewed effectively by means of effective resource performance management processes.
• Encourage fair competition and the participation of high quality bidders through the implementation of effective bid and contract management processes.
• Manage and assess risks at all stages.
• Establish the optimal balance between supply by local SMME's and via a consolidated supply base to gain economies of scale.

PART 3

3. ELEMENTS OF SUPPLY CHAIN MANAGEMENT

The College must provide for the following functions within the SCM office.

3.1 DEMAND MANAGEMENT UNIT

This is the beginning of the Supply chain process where:

• Prior to the invitation of a bid/quotation plan for the realistic estimation of the costs for which the invitation for a bid/quotation is to be made.
• Determine the preference point system to be used as well as the criteria for evaluation.
• Determine deliverables and/or performance indicators in terms of which a person awarded a contract will be assessed.
• A needs assessment must be done to ensure that goods or services are acquired in order to deliver the agreed requirement.
• Specifications must be precisely determined to promote uniformity.
• All requirements are to be linked to the budget.
• The supply industry is to be analyzed (data base).
• A Bid Specifications Committee (BSC) to be established, which predominately would perform the function of Demand Management as part of the pre-planning stages to the budget.
• The persons serving on this committee may not serve on the Bid Evaluation Committee (BEC) or the Bid Adjudication Committee (BAC).
• The persons serving on BSC would be representative of each activity/business unit and/or cost centre.
• The ranking levels should be that of middle management.
• A Chairperson, with the relevant experience, should be appointed.
• The services of a professional advisor or consultant might be used.
• The full and detailed description or functionality would be determined after the budget had been confirmed by the CFO and the demand from the end-user.

### 3.1.1 DEMAND CONSIDERATIONS

• All requirements must be linked to the approved budget.
• Specifications must be determined beforehand in conjunction with the end user.
• The need must form part of strategic plan of the College.
• Frequency of requirements must be specified.
• Order quantity must be economical.
• Delivery times must be specified.

The procurement of **construction related services** must comply with the following activities that or manages and fulfils contracts namely:

• Establish what is to be procured.
• Decide on procurement strategies.
• Solicit bids/offers.
• Evaluate offers.
• Award contract.
• Administer contracts and confirm compliance with requirements.

The implementation of or the decision to undertake capital construction must consider two main facets namely capital funding and sustainable operating funding. The complete capital budget is:

• Fully funded from only 3 sources
  • Own funds;
  • Grant and Donation Funds or
  • Loan funds.
• Available via a trust fund in the event of the funds being donated, i.e.: the full amount.
• Approved by the College Council.
• Approached as a multi-year budget at the inception of the project.
• General:
  • Project variations and expansion should be approved by the Accounting Officer, CFO and
  • No default award to be made to the existing contractor.
  • Operational and Maintenance for future consideration had been approved.

The end user must consult with the SCM practitioner in the Demand Management unit and *visa versa* to ensure that value for money is achieved.

The process to be followed:

a) Is there a real need for the goods or service?
b) Is the need part of strategic objectives of the College?
c) Is method determined how to fulfill the need?
d) Is the past experience been analyzed?
Each Accounting Officer should determine a strategy for their College to determine the manner
within which the objectives of the broader Government SCM Goals and other policy issues will be
achieved such as aspects of Black Economic Empowerment.

SCM must be used as a tool to achieve these objectives.

3.2 ACQUISITION MANAGEMENT UNIT

3.2.1 ACQUISITION PROCESS

Building, Engineering or Construction works are to be handled in accordance with the
prescripts of the Construction Industry Development Board (CIDB) to promote the uniform
application of policy to the construction industry. The standard bidding documents for
construction projects and JBCC must be utilized. Public Private Partnership programs must
be followed in terms of section 16 of the Treasury Regulations.

3.2.2 MARKET APPROACH

This unit must manage the acquisition of assets by deciding on the manner in which the
market will be approached as well as the total cost of ownership of the asset to the
College.

The promoting of BEE businesses must be applied. Maximum participation of black owned
businesses must be applied. (Refer to College BEE policy)

3.2.3 SUPPLIER DATA BASE

Compiling a data base of suppliers must be done by inviting potential suppliers through
local representative newspapers or by any other means, to register with the College.

This College database of suppliers must be utilized for all procurement actions. The data
base should be managed by the Demand Management unit. This data base must be
updated quarterly. All price quotations should be invited from this list per commodity on
rotation basis in such manner that ongoing competition amongst suppliers is promoted.

No bidder whose name appears on the National Treasury’s database as a person
prohibited from doing business with the public sector may be contracted, the name must be
taken out of the list.
(List of Tender Defaulters)

The following lists of suppliers must be considered:

- List of potential suppliers;
- List of pre-qualified suppliers; and
- List of approved suppliers.

Database of approved suppliers:
Where goods, services or works of a technical / specialized nature are required on a recurring basis, a list of approved suppliers for the supply of the goods, services or works may be established. These lists should be established through the competitive bidding process.

The intention to establish a list of approved suppliers should be published in the media and the closing time and date for inclusion in the list of approved suppliers should be indicated.

For this purpose, a questionnaire should be made available and should make provision for the following:

- Among others, full details of the supplier;
- Composition in terms of shareholding;
- Personnel complement;
- Financial position; and
- Ability to provide the goods, services or works required.

Requirements for admission to the list and criteria should be linked to the numeric value in terms of which applicants will be measured, for example acceptability, capability, facilities, resources etc. A predetermined standard method of awarding points should be followed.

The applications received should be evaluated and any rejection of applicants should be motivated and recorded.

Once the list of suppliers has been approved, only the successful applicants are approached, depending on the circumstances, either by obtaining quotations on a rotation basis or according to the bid procedure when the goods, services or works are required, with the exception that the requirement is not advertised in the Tender Bulletin or media again.

When a list of approved suppliers for a particular commodity/service has been drawn up, it is the responsibility of the College to ensure that bidders whose names appear on the list receive bid documents. In cases where a large number of firms are involved, it is sufficient to advertise particulars of the bid invitation in the media and to indicate in the advertisement that only firms whose names appear on the list of approved bidders will be provided with bid documents.

An advertisement should be placed in the media in which prospective suppliers whose names do not appear on the list concerned, are invited to apply for evaluation and to be included in the list.

All services, which annual value will exceed the stipulated minimum of a quotation, should be subjected to an annual SCM procurement process.
3.2.4 THRESHOLD VALUES FOR THE INVITATION OF PRICE QUOTATIONS AND
COMPETITIVE BIDDING

SCM Practitioners must apply the following threshold values when procuring goods or
services, hiring or letting anything, acquiring or granting any right or disposing of movable
state property:

Petty cash purchases:

Up to an estimated transaction value of R2, 000.00 (VAT included), one written quotation
should be obtained.

If a quotation is submitted verbally, the order may be placed only against written
confirmation by the selected provider.

The following conditions for the procurement of goods by means of petty cash purchases
will be applicable:

- Determining the terms of which a manager may delegate responsibility for petty
cash to an employee reporting to the manager;
- Limiting the number of petty cash purchases or the maximum amounts per month
for each manager;
- Excluding any types of expenditure from petty cash purchases, where this is
considered necessary;
- Requiring monthly reconciliation reports from each manager to the Chief Financial
Officer, including the total amount of petty cash purchases for that month including
receipts and appropriate documents for each purchase.

Quotations:

Above R2 000.00 up to an estimated transaction value of R30, 000.00 (VAT included)

- Written quotations must be obtained from at least three different providers
preferably from, but not limited to, providers whose names appear on the supplier
database. It is imperative that quotations are selected on a rotational basis. If
quotations are obtained from providers who are not listed, such providers must
meet the listing criteria as determined by the demand management unit and
registered on the supplier database.

- In these instances the Providers should be requested to submit such quotations
in writing accompanied by the following documentation:
  - Company registration form / Corporate document (CIPCO);
  - B-BBEE certification and
  - Municipal Billing clearance.

- If it is not possible to obtain at least three quotations, the reasons must be
recorded and reported quarterly to the Accounting Officer.
Formal written price quotations:

Above R30, 000.00 up to an estimated transaction value of R300, 000.00 (VAT included)

(Please note that these thresholds may be adjusted downwards by the Colleges based on their individual risk management ratings, but may not be increased.)

The conditions for the procurement of goods or services through formal written price quotations above R30, 000.00, must include:

♦ Quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers (supplier database);
♦ Quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria in the supply chain management policy required by the demand management unit;
♦ If it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Accounting Officer or an official designated by the Accounting Officer;
♦ The demand management unit must record the names of the potential providers on the supplier database;
♦ Accounting Officers should apply the prescripts of the Preferential Procurement Policy Framework Act, Act 5 of 2000 and its associated Regulations for all procurement equal to or above R 30,000. However, these prescripts may be applied for procurement with a value of less than R 30,000, if and when appropriate.
♦ Tax clearance is compulsory for all suppliers who have reached the threshold irrespective of the supply price.
♦ The designated official in Acquisition Management must within fifteen days of the end of each month report to the Chief Financial Officer on any approvals above the amount of R300, 000.00 given during that month.

Extended procedures for formal written price quotations:

Above R300, 000.00 to an estimated transaction value of R500,000.00 (VAT Included)

The conditions for the procurement of goods or services through formal written price quotations above R300, 000.00, must include:

♦ Quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers (supplier database);
♦ Quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria in the supply chain management policy required by the demand management unit;
♦ If it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Accounting Officer or an official designated by the Accounting Officer;
♦ The demand management unit must record the names of the potential providers on the supplier database;
♦ Application of the prescripts of the Preferential Procurement Policy Framework Act, Act 5 of 2000 and its associated Regulations;
Tax clearance is compulsory for all suppliers who have reached the threshold irrespective of the supply price.

These quotations should be reviewed by the Bid Evaluation Committee and recommended to the Bid Adjudication Committee;

The Bid Adjudication Committee should approve the final quotation to be accepted.

The designated official in Acquisition Management must within fifteen days of the end of each month report to the Chief Financial Officer on any approvals above the amount of R500, 000.00 given during that month.

**Competitive bidding:**

**Above the estimated transaction value of R500 000.00 (VAT included)**

Accounting Officers should invite competitive bids for all procurement above a transaction value of R500, 000.00 and for the procurement of long term contracts.

The prescripts of the Preferential Procurement Policy Framework Act, Act 5 of 2000 and its associated Regulations should be adhered to.

No requirement for goods or services above an estimated transaction value of R500, 000 may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through competitive bids.

**Process for competitive bidding**

The approved procedures for a competitive bidding process for each of the following stages must be adhered to:

- The compilation of bidding documentation;
- The approval of specifications/Terms of Reference;
- The public invitation of bids;
- Site meetings or briefing sessions, if applicable; (compulsory for all parties in a joint venture/consortium);
- The handling of bids submitted in response to the public invitation;
- The evaluation of bids;
- The adjudication of bids;
- The award of contracts;
- The notification of bidders
- The signing of contracts/ SLA’s
- The administration of contracts; and
- Proper record keeping.

**Process for Procuring Goods or Services through Written or Verbal Quotations and Formal Written Price Quotations**

All procurement through the quotation system must comply with the following:
• That the use of the list of accredited prospective providers is obligatory for such quotations, but that quotations may be obtained from providers who are not listed only when no suitable providers for the required commodity or type of service are available from the list;
• That when using the list of accredited prospective providers ensure to promote ongoing competition amongst providers, including by inviting providers to submit quotations on a rotation basis;
• Must take all reasonable steps to ensure that the procurement of goods and services through written or verbal quotations or formal written price quotations is not abused;
• That the Accounting Officer or CFO must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted;
• Requirements for the administration of contracts awarded; and
• Requirements for proper record keeping.

All suppliers must furnish the Colleges with that provider's:

➢ Full name;
➢ Identification number or company or other registration numbers;
➢ Tax reference number and VAT registration number, if any;
➢ Copies of ID's, and
➢ And authorization to obtain the suppliers financial statements if required.

General Preconditions for Consideration of Written Quotations or Bids

NOTE:

In accordance with the National Small Business Act 102 of 1996 a "small business" means a separate and distinct entity including co-operative enterprises and non-government organizations, managed by one owner or more that includes its branches or subsidiaries, if any. Such a business must predominantly be carried out in a sector or sub-sector of the economy that can be classified as a small, medium or micro enterprise, the so-called SMMEs.

The supply or sale of goods or the rendering of services may not be sub-divided in order to avoid the invitation of bids. Any official found practicing such an activity will be subjected to disciplinary action.

It is the aim of the government to incorporate as many SMMEs as possible in the process of public sector procurement.

The following information must be obtained from prospective suppliers to register as a supplier on the database:

❖ Name of business;
❖ Postal address;
❖ Telephone (land line and cell numbers), e-mail addresses and fax numbers, where possible;
❖ Core business (what is the principle business);
❖ Names of directors/members/owners of business;
❖ Specific expertise vested in the company;
Composition of the business.
The inclusion of a valid tax clearance certificate;
Permission that the financial position of the supplier and the ability to manufacture or to supply goods or to render a service may be examined before its offer is considered for acceptance;
Monetary value of contracts interested in;
Maximum quantities that can be supplied; and
Quantity and frequency of delivery.

CONFERENCES

For conferences, seminars, workshops, "legotlas" etc. should whenever possible be obtained by means of competitive bidding. If this is not possible or practical the conference facilities should be obtained by means of written quotations, (see thresholds) as is proposed under urgent and emergency procurement.

3.3 LOGISTICS MANAGEMENT UNIT

This aspect pertains, among others, to coding of items, setting of inventory levels, placing of orders, receiving and distribution, stores/warehouse management, expediting orders, transport management and vendor performance. This process should also activate the financial system to generate payments.

The end-user is responsible to plan for the delivery of goods and services since it is the function of logistics management to ensure that the goods and services are available at the right time at the right place.

Otherwise, all other items are to be delivered to the store prior to deployment within the institution.

Stock items that has good lead times and stability of supply should not be held in stock. The minimum thresholds should be reduced accordingly.

3.3.1 STOCK LEVELS

Due to protracted lead times, or because of a need to keep specific items in stock, the following should be determined in order to automate the ordering process:

- Which items and quantities thereof to be kept in stock.
- Minimum/maximum levels to be kept in stock based on consumption figures or inputs from users and;
- Allowing for a safety margin to be added to the minimum quantity to cover unforeseen circumstances.

3.3.2 PLACING OF ORDERS

An order should be placed either when a pre-determined stock level is reached or when a request is received from an end user for an item which is not held in stock. A properly
authorized external request, included with this the funds commitment form is essential before an order can be placed. A financial authorization signed by a delegated official is a pre-requisite for issuing an official purchase order.

3.3.3 ORDER PROCESSING

Orders are processed for contract purchases, quotation and bidding purchasing. No order may be placed without written approval of the delegated person. (see College delegations)

3.3.4 VENDOR ASSESMENT

The reliability of the supplier should be monitored in terms of, among others:

- Delivery periods;
- Quality;
- Quantity and
- Stock availability.

Should problems be encountered, they must be followed up with the vendor and if it is a contract item, it must be reported to the head of the SCM unit. Supplier’s performance must be monitored before and after the awarding of a contract by the SCM unit.

End users must notify the SCM unit of any deviation in performance of suppliers. For any involvement of fraud and corruption restriction of bidders must be applied. A complete investigation to be conducted by the Accounting Officer. If performance lacks it must be reported to the Head of SCM to take the matter up with the supplier.

All communication to be writing. An incident register should be maintained, recording all ineffective and inefficient goods and services from suppliers. Compliance with the “Blacklist” protocols is compulsory. Administrative justice to be applied.

3.4 DISPOSAL MANAGEMENT UNIT

Obsolescence planning and a database of redundant assets need to be maintained by the College. All identified disposed items must be inspected for re-use and or repair.

A disposal strategic plan needs to be in place and be managed for the entire College. The following aspects must be managed by this unit:

- Obsolescence planning;
- Maintaining a database of redundant material;
- Physical disposal process; and
- Values of disposal assets.

The disposal committee appointed by the Accounting Officer must deal with disposals at the College and make recommendations with regard to the disposal of any asset. The Accounting Officer or his/her delegate will consider the recommendations of the appointed
committee. Regular committee meetings must take place to ensure optimal utilization of assets and to take disposal actions in time.

A minimum of three members to be appointed to serve on this committee.

3.4.1 Disposal Methods

After consideration and recommendation to dispose of assets from the Disposal Committee, the following methods may be applied by the Colleges:

* A public auction;
* A reserve price;
* A trade-in;
* An offer at market value failing the above;
* A grant or donation;
* Transfer to another institution;
* Transfer to another institution at market value; and
* As a last resort, to destroy if e.g. hazardous or confidential.

Firearms may not be sold or donated to any person or institution without approval of the National Conventional Arms Control Committee.

PART 4

4.1 DETAILED PROCEDURES: PROCUREMENT ADMINISTRATION - GOODS AND SERVICES AND WORKS

The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations is as follows:

(a) When using the list of accredited prospective providers the Accounting Officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;

(b) Quotations received must be evaluated on a comparative basis taking into account unconditional discounts;

(c) The Accounting Officer or CFO must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation;
(d) Quotations below R30, 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;

(e) Acceptable and responsive offers, which are subject to the preference points system, offers from R30, 000.00 (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;

All procurement of goods and services via a competitive bidding method must be done in accordance with the following:

1. A written request to be completed in duplicate and signed by the Cost Centre Manager, attached a specification / TOR of the required goods or services to be procured;
2. This documentation to be forwarded to the Demand Management Unit to determine the need as well as to do a budget check. (Confirmation of committed funds to be attached) The goods and services to be procured must be part of Strategic Plan of College.
3. The specifications to be approved by the Bid Specification Committee as per delegation by the Accounting Officer. The evaluation criteria must also be determined in terms of the PPPFA and Regulations as well as the weights if functionality is applicable. After approval the documents must be submitted to the Acquisition Management Unit for preparation for the invitation process.
4. Acquisition Management to determine the method of procurement and market approach. Whether quotation or competitive bidding or existing contract. The estimated cost will also determine the point system to be used. (90/10 or 80/20).
5. All requirements in excess of R30, 000 (VAT included) to be procured by means of formal written price quotations and must include an original and valid tax clearance certificate. The PPPFA points should also be applied.
6. When using the list of accredited prospective providers from the database of suppliers, the Accounting Officer must promote ongoing competition amongst providers, including by inviting providers to submit quotations on a rotation basis; the Accounting Officer must take all reasonable steps to ensure that the procurement of goods and services through written or verbal quotations or formal written price quotations is not abused; (Regular feedback on rotation is important) that the Accounting Officer or CFO must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation.

**Competitive bidding**

This SCM Policy specify that:

a) Goods or services above a transaction value of R500,000 (VAT included) and long term contracts must be procured by the College only through a competitive bidding process, and

b) That no requirement for goods or services above an estimated transaction value of R500,000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.
The abovementioned excludes URGENT and EMERGENCY cases.

Process for competitive bidding

The SCM policy also provides procedures for a competitive bidding process for each of the following stages:

(a) The compilation of bidding documentation;
(b) The public invitation of bids;
(c) Site meetings or briefing sessions, if applicable;
(d) The handling of bids submitted in response to public invitation;
(e) The evaluation of bids;
(f) The award of contracts;
(g) The administration and management of contracts; and
(h) Proper record keeping.

Bid documentation for competitive bids

The supply chain management policy also determine the criteria to which bid documentation for a competitive bidding process must comply, and state that the bid documentation must take into account:

a) The general conditions of contract; or any special condition of contract; as well as the CIDB conditions of contract for construction procurement;
b) Any Treasury guidelines on bid documentation; and
c) The requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
d) Include evaluation and adjudication criteria, including any criteria required by other applicable legislation;
e) Compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted; (SBD 4.1)
f) If the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish:
   a. If the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
      i. For the past three years;
      ii. Since their establishment if established during the past three years; and
      iii. Particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract.

g) Stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

Public invitation for competitive bids

The supply chain management policy determines the procedure for the invitation of competitive bids, and stipulates:
a) That any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, secondly the National Treasury Government Tender Bulletin and thirdly (this is optional and not mandatory) the College website; and

b) The information a public advertisement must contain, which must include:
(i) The closure date for the submission of bids, which may not be less than 21 days.
(ii) A statement that bids may only be submitted on the bid documentation provided by the College.

The supply chain management policy will allow the Accounting Officer to determine a closure date for the submission of bids which is less than the 21 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

Bids submitted to the college must be in a sealed envelope.

Procedure for handling, opening and recording of bids

The supply chain management policy also determines the procedure for the handling, opening and recording of bids, and

a) Stipulate that bids—
(i) may be opened only in public; and
(ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired;

(NB Checklist to be compiled for each bid by SCM Officials)

b) Confer on any bidder or member of the public the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder’s total bidding price; and

c) Require the Accounting Officer –
(i) to record in a register all bids received in time;
(ii) to make the register available for public inspection; and
(iii) to publish the entries in the register and the bid results on the website or media.

Negotiations with preferred bidders

The supply chain management policy allows the Accounting Officer to negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation—

(a) Does not allow any preferred bidder a second or unfair opportunity;
(b) Is not to the detriment of any other bidder; and
(c) Does not lead to a higher price than the bid as submitted.

Minutes of such negotiations must be kept for record purposes.

Two-stage bidding process

A two-stage bidding process can be followed for:

(a) Large complex projects;
(b) Projects where it may be undesirable to prepare complete detailed technical specifications; or
(c) Long term projects with a duration period exceeding three years.

In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.

In the second stage final technical proposals and priced bids should be invited.

Committee system for competitive bids

The supply chain management policy provides for –

a) A committee system for competitive bids consisting of at least –
   (i) A bid specification committee (BSC);
   (ii) A bid evaluation committee (BEC); and
   (iii) A bid adjudication committee (BAC).

b) The appointment by the Accounting Officer of the members of each committee, and
c) An attendance or oversight process by a neutral or independent observer/expert appointed by the Accounting Officer when this is appropriate for ensuring fairness and promoting transparency.

The committee system must be consistent with:

* PPPFA regulations 2011; and
* any other applicable legislation.

The supply chain management policy allows the Accounting Officer to apply the committee system to formal written price quotations from R300,000.00 to R500,000.00. These thresholds may be lowered by the Colleges based on their individual risk matrix, but may not be increased.

Bid specification committees (BSC)

A bid specification committee must compile the specifications for all procurement of goods or services before the invitation process. The specifications must be approved by the Accounting Officer or his/her delegate.

Specifications:
(a) Must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
(b) Must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organization, or an authority accredited or recognized by the South African National Accreditation System (SANAS) with which the equipment or material or workmanship should comply;
(c) Where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
(d) May not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;
(e) May not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the words “equivalent”;
(f) Must be approved by the Accounting Officer prior to publication of the invitation for bids.

The bid specification committee must be composed of a minimum of 2 members. One or more officials of the College, preferably the manager responsible for the function involved the end user and may, when appropriate, include external specialist advisors.

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

Bid evaluation committees (BEC)

A bid evaluation committee must:

(a) Evaluate bids in accordance with:
   (i) The specifications for a specific procurement; and
   (ii) The points system as set out in the supply chain management policy of the College in terms of regulation 27(2)(f) and as prescribed in terms of the Preferential Procurement Policy Framework Act;
(b) Evaluate each bidder’s ability to execute the contract;
(c) Check in respect of the recommended bidder whether no director, partner, shareholder are listed as a tender defaulter;
(d) Submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.
(e) The BEC upholds the right to recommend a re-tender if for any reason compliance was not acceptable.

A bid evaluation committee must as far as possible be composed of a minimum of 3 members:
(a) At least 2 officials from the College requiring the goods or services; and
(b) At least one supply chain management practitioner.

Bid adjudication committees (BAC)

A bid adjudication committee must:

(a) Consider the report and recommendations of the bid evaluation committee; and
(b) either:
(i) Depending on its delegations, make a final award or a recommendation to the Accounting Officer to make the final award; or
(ii) Make another recommendation to the Accounting Officer how to proceed with the relevant procurement.

A bid adjudication committee must consist of a minimum of 3 senior managers which must include:

(i) The Chief Financial Officer or, if the Chief Financial Officer is not available, another senior manager;
(ii) At least two senior supply chain management practitioners who are officials; and if applicable
(iii) A technical expert in the relevant field who is an official, if the College has such an expert. (engineer etc).

The Accounting Officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.

If the Accounting Officer decides to award a bid other than the one recommended by the bid adjudication committee, reasons for the deviation should be recorded and should be made available for audit purposes. The reasons must be justifiable and defensible in a court of law.

The Accounting Officer may:

(i) After due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee; and
(ii) If the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

The Accounting Officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.

ALL DECISIONS MUST BE RECORDED AND KEPT FOR AUDIT PURPOSES

4.2 BID DOCUMENTS

STANDARD BIDDING DOCUMENTATION FOR GOODS AND SERVICES

The standard bidding document (SBD) as prescribed by the National Treasury must be used at all times for all goods and services. For construction related projects the standard bid document for works and roads must be used.
The Bid section will prepare the bidding documentation and ensure that the documents are complete including the evaluation criteria. Documents should specify clearly and precisely the work to be carried out, the location, the goods to be supplied, the place of delivery or installation, the schedule for delivery or completion, minimum performance requirements and the warranty and maintenance requirements as well as any other terms and conditions.

The formal contract document (SBD 7.1) should not form part of the bidding documents issued to every prospective bidder, but should be made applicable only to the successful bidder after adjudication and award of the bid.

The following documents must form part of the bid invitation:

(i) Invitation to bid;
(ii) Original Tax Clearance Certificate (or letter of arrangement from SARS): (This certificate should be valid till the date of contract award. If expired at contract award date, a new certificate should be requested from the bidder);
(iii) Declaration of interest;
(iv) Pricing schedule;
(v) Claim for preference points;
(vi) General Conditions of Contract / CIDB conditions;
(vii) Special Conditions of Contract; and
(viii) Specifications / Terms of Reference.

A non-refundable fee ranging from R50.00 to R300.00 for bid documentation will be charged when deemed necessary by the College to cover administrative expenditure such as stationary and printing. The College may determine what fee (inside the specified range) will be charged for each bid.

NOTE: ONLY ORIGINAL TAX CLEARANCE CERTIFICATES WILL BE ACCEPTED FOR JOINT VENTURES. ALL PARTIES MUST SUBMIT AN ORIGINAL TAX CLEARANCE CERTIFICATE. IN THE CASE OF ANY SUB-CONTRACTORS EACH SUB-CONTRACTOR MUST SUBMIT A TAX CLEARANCE CERTIFICATE

4.3 COMPLYING WITH CIDB REQUIREMENTS FOR CONSTRUCTION PROCUREMENT

STANDARD BID DOCUMENTS FOR CONSTRUCTION PROJECTS

The bid document for construction projects both Roads and Works must be utilized.

4.4 GENERAL- AND SPECIAL CONDITIONS OF CONTRACT

To strive towards uniformity, all contracts must be based on the General Conditions of Contracts (GCC) issued by National Treasury. Any aspect not covered can be dealt with in the special conditions of contract. These conditions should form an integral part of the bidding documents. The CIDB General Conditions should also apply. The Special Conditions of Contract applicable to each bid must be approved by the Accounting Officer or his/her delegate (Bid Adjudication Committee) before included in the bidding documents.

The following needs to be addressed in the special conditions of contract:
• **Supplier performance**
  Supplier’s performance must be monitored by Supply Chain Management and any deviation or delays in performance by the supplier/contractor must be reported to the Accounting Officer for further action.

• **Penalties**
  Penalties will be charged for non-compliance and for no completion. Amounts will be indicated in the Special Conditions of Contract.

• **Bid Performance Security**
  Bidding documents for works shall require security in an amount sufficient to protect the College in case of breach of contract by the contractor. The security shall be provided by a performance guarantee or bank guarantee on an appropriate form and amount as specified in the bidding documents and SCC.

  The bid security shall be in the form of a certified cheque, a letter of credit or a bank guarantee from preferably a reputable bank. Only guarantees from banks registered in terms of the Banks Act, 1965 (Act no 23 of 1965) will be accepted. The correct amount both in word and in amounts must be quoted.

• **Inspections and tests**
  Bidding documents must indicate that regular inspections, tests and analyses will be done during production or execution of goods/works and also by whom.

• **Packing**
  Refer to paragraph 9 of the GCC.

• **Delivery**
  Delivery of goods shall be made by the supplier in accordance with the terms specified in the contract. Refer to paragraph 10 of GCC.

• **Insurance**
  All goods supplied under a contract shall be fully insured against loss or damage incidental to manufacture or acquisition. Transportation, storage and delivery in the manner specified in the SCC. Refer to paragraph 11 of GCC.

• **Transport**
  Should a price other than an all inclusive delivery price be required, this must be specified in the SCC. Refer paragraph 12 of GCC.

• **Incidental Service**
  All incidental services required from the supplier needs to be specified in the SCC.

• **Warranty**
  Warranties shall remain valid for 12 months after the goods or portion thereof have been delivered. Refer to paragraph 15 of GCC.
4.5 SPECIFICATIONS

All specifications must be approved by the Accounting Officer or his/her delegate (Specification Committee) before a bid/quotation is invited. Specifications must be numbered and kept on file for future use.

Existing SABS specifications must be used as far as possible. Specifications must promote the broadest possible competition. Care must be taken to guard against obscurities and contradictions in specifications. Standards and technical specifications quoted in bidding documents should promote the broadest possible competition, whilst assuring that critical elements of performance or other requirements for the goods and/or works being procured are achieved.

Requirements should not be over specified. It should enable small businesses to compete effectively. Specifications must be user friendly so that it can be understood by emerging contractors/suppliers/service providers and at the same time promote competition. Conditions of contract must not be included in specifications. As part of the invitation a requirement must be that only products that are SABS approved will be accepted.

4.5.1 Bid specification committee

As indicated earlier in the policy, a bid specification committee must be appointed by the Accounting Officer to compile the specifications / TOR for each procurement activity of goods or services by the College.

A bid specification committee should be cross-functional and should be composed of a minimum of 2 one or more officials from the College, preferably the manager responsible for the function involved, the end user and may, when appropriate, include external specialist advisors.

No person, advisor or corporate involved with the bid specification committee may bid for any resulting contracts. The committee should discuss debate and if necessary motivate the inclusion of special conditions, maps, plans, drawings, submission of samples, etc.

4.5.2 Preparation of specifications
Specifications – The end user initiate the drafting of specifications and submit it with an approved request memorandum (requisition form) to Demand Management.

The specification:

- Must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
- Where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
- May not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;
- May not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the words “equivalent”
- Must be approved by the Accounting Officer or his/her delegate(s), e.g. the Bid Adjudication Committee, prior to publication of the invitation for bids as bids may only be evaluated according to the criteria stipulated in the bid documentation.

4.6 EVALUATION CRITERIA

The criteria for the evaluation of bids and quotations must be determined beforehand and approved by the bid specifications committee. The applicable point system to be used must be indicated according the PPPFA

The 80/20 preference point system is applicable to bids (including price quotations) with a Rand value equal to, or above R30,000 and up to a Rand value of R1 million (all applicable taxes included). Institutions may apply the 80/20 preference point system to price quotations with a value less than R30,000 if and when appropriate.

The 90/10 preference point system is applicable to bids with a Rand value above R1 million (all applicable taxes included).

This policy is inclusive of the new PPPFA legislation in its entirety and without any amendments.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE) STATUS LEVEL CERTIFICATES

Bidders are required to, together with their bids, submit original and valid B-BBEE Status Level Verification Certificates or certified copies thereof to substantiate their B-BBEE rating claims.

Bidders who do not submit B-BBEE Status Level Verification Certificates do not qualify for preference points for B-BBEE but should not be disqualified from the bidding process.

VERIFICATION CERTIFICATES IN RESPECT OF EXEMPTED MICRO ENTERPRISES (EMEs)
In terms of the Generic Codes of Good Practice, an enterprise with an annual total revenue of R5 million or less qualifies as an EME.

In instances where Sector Charters are developed to address the transformation challenges of specific sectors or industries, the threshold for qualification as an EME may be different from the generic threshold of R5 million. For example the approved deviated thresholds for EMEs for the Tourism and Construction Sector Charters are R2.5 million and R1.5 respectively.

EMEs are deemed to have a B-BBEE status of “level four (4) contributor”. In instances where EMEs are more than 50% owned by black people, such EMEs qualify as “B-BBEE status of ‘level three (3) contributors’”.

Accounting Officers must ensure that the B-BBEE Status Level Verification Certificates submitted are issued by the following agencies:

4.6.1 Bidders other than EMEs

(a) Verification Agencies accredited by the South African National Accreditation System (SANAS); or
(b) Registered auditors approved by the Independent Regulatory Board of Auditors (IRBA).

4.6.2 Bidders who qualify as EMEs

(a) Accounting Officers as contemplated in section 60(4) of the Closed Corporations Act, Act No 69 of 1984 (CCA);
(b) Verification Agencies accredited by SANAS; or
(c) Registered auditors approved by the IRBA.

A trust, consortium or joint venture must obtain and submit a consolidated B-BBEE Status Level Verification Certificate for every separate bid.

Public entities and tertiary institutions must also submit B-BBEE Status Level Verification Certificates together with their bids.

4.6.3 Verification Agencies accredited by SANAS

Confirmation of the validity of a B-BBEE Status Level Verification Certificate can be done by tracing the name of the issuing Verification Agency to the list of all SANAS accredited agencies. The list is accessible on www.sanas.co.za/directory/bbbee_default.php.

As a minimum requirement, all valid B-BBEE Status Level Verification Certificates should have the following information detailed on the face of the certificate:

- The name and the physical location of the measured entity;
- The registration number and, where applicable, the VAT number of the measured entity;
- The date of issue and date of expiry;
- The certificate number for identification and reference;
- The scorecard that was used (for example EME, QSE or Generic);
- The name and / or logo of the Verification Agency;
- The SANAS logo;
- The certificate must be signed by the authorized person from the Verification Agency; and
- The B-BBEE Status Level of Contribution obtained by the measured entity.

4.6.4 Verification Agencies accredited by IRBA

The format and content of B-BBEE Status Level Verification Certificates issued by registered auditors approved by IRBA must:

- Clearly identify the B-BBEE approved registered auditor by the auditor’s individual registration number with IRBA and the auditor’s logo;
- Clearly record an approved B-BBEE Verification Certificate identification reference in the format required by the SASAE;
- Reflect relevant information regarding the identity and location of the measured entity;
- Identify the Codes of Good Practice or relevant Sector Codes applied in the determination of the scores;
- Record the weighting points (scores) attained by the measured entity for each scorecard element, where applicable, and the measured entity’s overall B-BBEE Status Level of Contribution; and
- Reflect that the B-BBEE Verification Certificate and accompanying assurance report issued to the measured entity is valid for 12 months from the date of issuance and reflect both the issuance and expiry date.

4.6.5 Accounting Officers as contemplated in section 60(4) of the Closed Corporations Act (CCA)

The certificates should be issued on the Accounting Officer’s letterhead with the practice number and contact number clearly specified on the face of the certificate.

The content of B-BBEE Status Level Verification Certificates issued by Accounting Officers as contemplated in the CCA is detailed below:

When confirming the validity of a certificate in respect of an EME, the following should be detailed on the face of the certificate:

- The Accounting Officer’s or Registered Auditor’s letter head with full contact details;
- The Accounting Officer’s or Registered Auditor’s practice numbers;
- The name and the physical location of the measured entity;
- The registration number and, where applicable, the VAT number of the measured entity;
- The date of issue and date of expiry;
- The B-BBEE Status Level of Contribution obtained by the measured entity; and
- The total black shareholding and total black female shareholding.

4.7 FUNCTIONALITY

In general, not all bids should be invited on the basis of functionality 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 a contract.
4.7.1 Invitation of bids on functionality

When an institution invites a bid that will be evaluated on the basis of functionality as a criterion, the Accounting Officer must clearly specify the following aspects in the bid documents:

(a) **Evaluation criteria for measuring functionality:**

The evaluation criteria may include criteria such as the consultant’s relevant experience for the assignment, the quality of the methodology proposed, the qualifications of the key staff proposes, transfer of knowledge etc.

(b) **Weight of each criterion:**

The weight that is allocated to each criterion should not be generic and should be determined separately for each bid on an each case on its own merit basis.

(c) **Applicable values:**

The applicable values that will be utilised when scoring each criterion should be objective. As a guide, values ranging from 1 being poor, 2 being average, 3 being good, 4 being very good and 5 that are excellent, may be utilised.

(d) **Minimum qualifying score for functionality:**

The minimum qualifying score for functionality that must be obtained for a bid to be regarded as acceptable should not be generic. It should be determined separately for each bid or each case on its own merit basis. The minimum qualifying score must not be prescribed so low that it may jeopardise the quality of the service required nor so high that it may be restrictive to the extent that it jeopardizes the fairness of the SCM system.

The formula to calculate percentages is as follows:

\[
P_s = \frac{S_o}{M_s} \times 100\text{ where:}
\]

\[
P_s = \text{percentage scored for functionality by bid/proposal under consideration}
\]

\[
S_o = \text{total score of bid/proposal under consideration}
\]

\[
M_s = \text{maximum possible score}
\]

4.7.2 Evaluation of Bids on functionality

Bids that were invited on the basis of functionality as a criterion must be evaluated in two stages — first functionality must be assessed and then in terms of the 80/20 or 90/10 preference point systems prescribed in Preferential Procurement Regulations 5 and 6. The evaluation must be done as follows:
First stage – Evaluation of functionality

Bids must be evaluated in terms of the evaluation criteria as embodied in the bid documents. The amendment of evaluation criteria, weights, applicable values and/or the minimum qualifying score for functionality after the closure of bids should not be allowed as this will jeopardise the fairness of the system.

A bid is regarded as acceptable if it achieves the prescribed minimum qualifying score for functionality.

Bids that fail to achieve the minimum qualifying score for functionality must be disqualified.

Second stage – Evaluation in terms of the 80/20 or 90/10 preference point systems

Only acceptable bids must be evaluated further in terms of the 80/20 or 90/10 preference point systems prescribed in Preferential Procurement Regulations 5 and 6.

4.8 LOCAL PRODUCTION AND CONTENT

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

Where there is no designated sector, Accounting Officers 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 production and content will be considered.

Every bid invited on the basis of local production and content must be measurable and must be audited by the College internal audit. Bids that were invited on the basis of local production and content should be evaluated by following a two-stage bidding process:

First stage – Evaluation in terms of the stipulated minimum threshold for local production and content

Bids must be evaluated in terms of the evaluation criteria stipulated in the bid documents. The amendment of the stipulated minimum threshold for local production and content after the closure of bids should not be allowed as this will jeopardise the fairness of the system.

A bid is regarded as acceptable if it achieves the stipulated minimum threshold for local production and content.

Bids that fail to achieve the stipulated minimum threshold for local production and content must be disqualified.

Second stage - Evaluation in terms of the 80/20 or 90/10 preference point systems

Only acceptable bids must be evaluated further in terms of the 80/20 or 90/10 preference point systems prescribed in Preferential Procurement Regulations 5 and 6.
No price negotiations are allowed where a process of bidding has taken place unless the price is a reduction (lowest in the market and fair) in the case of an emergency only.

Where appropriate, prices may be negotiated only with short listed or preferred bidders. The reasons for such price negotiations must be approved and recorded for audit purposes.

4.9 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 service can be provided by tertiary institutions, public entities and enterprises from the private sector, institutions must invite competitive bids.

4.10 DISCOUNTS

When calculating comparative prices:

- Unconditional discounts must be taken into account when calculating comparative prices for evaluation purposes; and
- Conditional discounts must not be taken into account when calculating comparative prices for evaluation purposes but should be implemented when payment is affected.

Functionality as criteria in respect of a professional service

- In respect of functionality, each technical proposal must (using an evaluation panel of three or more specialists in that field of expertise) be evaluated in terms of the specified evaluation criteria approved by the specification committee.

THE PANEL MEMBERS MUST BE APPOINTED IN WRITING BY THE ACCOUNTING OFFICER AND MUST BE SUBJECT SPECIALISTS.

The criteria must include at least the following:

- The relevant experience for the assignment;
- The quality of the methodology proposed;
- The qualifications of the key staff proposed;
- Transfer of knowledge; and
- Financial position of the bidder.

- These criteria can be divided into sub-criteria, for example, the sub-criteria under methodology might be innovation and level of detail.

- More weight should be given to the methodology in the case of more complex assignments for example multidisciplinary feasibility or management studies and project management.

- Evaluation of only "key" personnel is recommended as they ultimately determine the quality of performance. More weight should be assigned to this criterion if the proposed assignment is complex. The SCM Office should review the qualifications and experience
of proposed key personnel in their curricula vitae which should be accurate, complete and signed by the CFO.

- When the assignment depends critically on the performance of key staff, such as a Project Manager in a large team of specified individuals, it may be desirable to conduct interviews. The individuals can be rated, among others, in the following sub-criteria as relevant to the assignment:
  - General qualifications: general education and training, length of experience, positions held, time with the consulting firm staff, and experience in developing countries;
  - Adequacy for the assignment: education, training and experience in that specific sector, field or subject relevant to the particular assignment; and
  - Experience in the region: knowledge of the local language, culture, administrative system, government organization, etc.

- The evaluation panel appointed by the Accounting Officer must evaluate each proposal on the basis of its response to the TOR. A proposal should be rejected at this stage if it does not respond to important aspects of the TOR or it fails to achieve the minimum qualifying score for functionality as specified in the RFP. (see score sheet)

- At the end of the process, an evaluation report on the quality of the proposals must be prepared. The report should substantiate the results of the evaluation and describe the relative strengths and weaknesses of the proposals. All records relating to the evaluation such as individual score sheets should be retained until completion of the project and its audit.

**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 the specified 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:

\[
P_s = \frac{S_o}{M_s} \times Ap
\]

Where:

- \(P_s\) = percentage scored for functionality by bid/proposal under consideration;
- \(S_o\) = total score of bid/proposal under consideration;
- \(M_s\) = maximum possible score; and
- \(Ap\) = percentage allocated for functionality.

The percentages of each panel member should be added together and divided by the number of panel members to establish the average percentage obtained by each individual bidder for functionality.
After calculation of the percentage for functionality, the prices of all bids that obtained the minimum score for functionality should be taken into consideration.

Bids/proposals that do not score a certain specified minimum percentage for functionality, should be disqualified and not be considered further.

**Calculation of percentage for price:**

- For the purpose of evaluation, the price shall include all local taxes and other reimbursable expenses such as travel, translation, report printing or secretarial expenses. The proposal with the lowest price will obtain the maximum percentage for price as prescribed in the RFP. Proposals with higher prices will proportionately obtain lower percentages according to the method as prescribed in the RFP.

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

The lowest acceptable bid/proposal will obtain the maximum points allocated for price. The other bids/proposals with higher prices will proportionately obtain lower points:

The following must be taken into consideration when applying the 80/20 or 90/10 point system:

- The bidder obtaining the highest number of points will be awarded the contract;
- Preference points shall be calculated after prices have been brought to a comparative basis i.e. the price after all unconditional discounts that can be utilized have been taken into consideration;
- Points scored will be rounded off to 2 decimal places;
- In the event of equal points scored, the bid will be awarded to the bidder scoring the highest number of points for specific goals; and
- If the bids are still equal, the award will be decided by the drawing of lots.

### Points awarded for price

A maximum of 80 or 90 points is allocated for price on the following basis:

<table>
<thead>
<tr>
<th>80/20</th>
<th>90/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>( \frac{Ps}{P_{\text{min}}} = 80(1 - \frac{Pt - P_{\text{min}}}{P_{\text{min}}}) )</td>
<td>( \frac{Ps}{P_{\text{min}}} = 90(1 - \frac{Pt - P_{\text{min}}}{P_{\text{min}}}) )</td>
</tr>
</tbody>
</table>

Where:

- \( Ps \) = Points scored for price of the bid under consideration;
- \( Pt \) = Rand value of the bid under consideration; and
- \( P_{\text{min}} \) = Rand value of lowest acceptable bid.
After evaluation by the Bid Evaluation Committee (BEC) the points scored by each bidder must be calculated, a submission compiled for recommendation to the Bid Adjudication Committee, including a recommendation to the Accounting Officer to approve the final award.

4.11 CANCELLATION AND RE-INVITATION OF BIDS

- In the event, that in the application of the 80/20 preference point system as stipulated in the bid documents, all bids received exceed the estimated Rand value of R1 000 000.00, the bid invitation must be cancelled.

- In the event, that in the application of the 90/10 preference point system as stipulated in the bid documents, all bids received are equal to, or below R1,000,000.00 the bid invitation must be cancelled.

- A College that cancelled a bid invitation as indicated above must re-invite bids and in the “fresh” bid documents, stipulate the revised preference point system to be applied.

- Regulation 10(4) of the Preferential Procurement Regulations, 2011, prescribes that an organ of state may, prior to the award of a bid, cancel the bid if:
  - Due to changed circumstances there is no longer a need for the goods or services for which bids were solicited;
  - Funds are no longer available to cover the total envisaged expenditure; or
  - No acceptable bids were received.

4.11.1 Cancellation of Contracts

Referring to the General Condition of Contract a College may cancel a contract partly or in whole if a supplier/contractor:

a) Fails to deliver any or all of the goods or services within the period stipulated in the contract, or within any extension thereof;

b) Fails to perform any other obligation under the contract; and

c) If the supplier has engaged in corrupt or fraudulent practices in competing for or in executing the contract

4.12 QUOTATIONS MUST BE COMPLETE AND MUST CONTAIN AT LEAST THE FOLLOWING PARTICULARS:

(i) Name of Business;
(ii) Address of Business;
(iii) Unit price including VAT;
(iv) 30 days validity period (bids 90 or 120 days);
(v) Signed by employee and in print;
(vi) Indication of delivery time; and
(vii) Indication of availability of stock.

All quotations above R 30,000.00 must be submitted in a sealed envelope. Faxed or e-mailed quotations will be considered but an order can only be placed against the original signed quotation. If the original signed quotation is scanned and e-mailed, this will still be acceptable.

4.13 BIDDING METHODS

The following bidding methods may be applied by the Colleges in terms of the best practice principals contained in the National Treasury Supply Chain Management Guidelines:

- Competitive bidding;
- Two Stage Bidding;
- Limited Bidding:
  - Single source;
  - Multiple source;
  - Sole source;
- Public Private Partnerships;
- Specific Cases;
- Urgent and Emergency cases; and
- Negotiations.

Depending on the outcome of the assessment under the demand management phase the best possible bidding method must be decided upon. The following methods can be pursued:

4.13.1 Competitive bidding

- For all procurement above R500,000.00 competitive bids should be advertised. If appropriate the bids may also be advertised in the Tender Bulletin or any other media. This allows for unfettered competition and provides an opportunity for any prospective bidder to make an offer and compete on an equal basis.

- The objective of competitive bidding should be to provide all prospective bidders with timely and adequate notification of an institution's requirements and an equal opportunity to bid for the required goods, works or services.

- The aspects that play an important role in competitive bidding are discussed below.

4.13.2 Type and size of contract
The bid documents should clearly state the type of contract to be entered into and contain the appropriate contract provisions. The most common types of contracts provide for payments on the basis of a lump sum, unit prices, reimbursable cost plus fees, or combinations thereof.

Reimbursable cost contracts should be acceptable only in exceptional circumstances such as conditions of high risk or where costs cannot be determined in advance with sufficient accuracy. Such contracts should include appropriate incentives to limit costs and may only be concluded subject to the approval of the Accounting Officer or his/her delegate. It is advisable that the reasons and formal approval for following the reimbursement route be recorded.

4.13.3 Two-stage bidding

Detailed design and engineering of the goods, services and works to be provided, including the preparation of technical specifications and other bidding documents, normally precede the invitation to bid for major contracts.

However, in the case of turnkey contracts or contracts for large complex plants or works of a special nature, it may be undesirable or impractical to prepare complete technical specifications in advance. In such a case, a two-stage bidding procedure may be used, under which first unpriced technical proposals on the basis of a conceptual design or performance specifications are invited, subject to technical as well as commercial clarifications and adjustments, to be followed by amended bidding documents and the submission of final technical proposals and priced bids in the second stage.

These procedures are also appropriate in the procurement of equipment, which is subject to rapid technological advances, such as major computer and communications systems.

Subject to approval by the Accounting Officer, the institution may engage in procurement by means of two-stage bidding, or request for proposals or competitive negotiation, in the following circumstances:

- If it's not feasible for the procuring entity to formulate detailed specifications for the goods or construction or, in the case of services, to identify their characteristics and, in order to obtain the most satisfactory solution to its procurement needs;
- If it seeks bids, proposals or offers as to various possible means of meeting its needs; or
- Because of the technical character of the goods or construction, or because of the nature of the services, it is necessary for the procuring entity to negotiate with suppliers or contractors; and
- When the procuring entity seeks to enter into a contract for the purpose of research, experiment, study or development, except where the contract...
includes the production of goods in quantities sufficient to establish their commercial viability or to recover research and development costs.

- The prescripts of the PPPFA and its Regulations must always be adhered to. The regulations allow points to be claimed for BEE status. The method of evaluation, including the allocation of points, must be clearly specified in the bid documents.

4.13.4 Limited bidding

Under this system the following variances can be used:

- **Multiple source bidding**
  - This system can be used in the case of limited competition where only a few prospective bidders are allowed to make a proposal.
  - Care should be taken that there is no infringement on the rights of other possible suppliers. Thorough analysis of the market should be done to minimize this risk.

- **Single source bidding**
  - In this case only one amongst a few prospective bidders is requested to make a proposal after a transparent and equitable pre-selection process was followed. Again a thorough analysis of the market is a prerequisite.

- **Sole source bidding**
  - This system can be used in the absence of competition and where only one bidder exists.
  - A sole source bidder normally has patent rights or sole distribution rights.

4.13.5 Unsolicited bids

- An Accounting Officer is not obliged to consider unsolicited bids received outside a normal bidding process.
- If an Accounting Officer decides to consider an unsolicited bid, he/she may do so only if:
  - The bid complies to the principals contained in National Treasury Practice Note 11 of 2008 on unsolicited bids;
  - The setting aside of the bidding process are found to be sound;
  - Presentations be made on new products and service should be not exposed to any member of the BEC nor the BAC committee;
  - The product or service offered in terms of the bid is a unique innovative concept that will be exceptionally beneficial to, or have exceptional cost advantages for the College;
  - The person who made the bid is the sole provider of the product or service; and
The need for the product or service by the College has been established during its strategic planning and budgeting processes.

4.13.6 Public / Private Partnerships (PPP)

Whenever goods, works and/or services are procured by means of public private partnerships or as part thereof, the principals contained in Treasury Regulation 16 should be applied.

4.13.7 Deviation from the normal Procurement Processes – Specific cases

4.13.7.1 **Urgent cases** are cases where early delivery is of critical importance and the invitation of competitive bids is either impossible or impractical. However, a lack of proper planning should not be constituted as an urgent case.

4.13.7.2 **Emergency cases** are cases where immediate action is necessary in order to avoid a dangerous or risky situation or misery. Other cases which may require exemption from normal procurement procedure will be limited to the following situations:

- Disasters like floods, fire etc.
- System failures; and
- Liquidation of an existing supplier/contractor.

The reasons for the urgency/emergency and for dispensing of competitive bids should be clearly recorded and approved by the Accounting Officer.

The Accounting Officer may dispense with the official procurement processes established by this Policy, and procure any required goods or services through any convenient process, which may include direct negotiation, but only in respect of:

- Any contract relating to an emergency where it would not be in the interests of the College to invite bids,
- Any urgent case where early delivery is of the utmost importance;
- Any goods or services which are available from a single provider only;
- The acquisition of special works of art or historical objects where specifications are difficult to compile;
- Any other exceptional circumstances where it is impractical or impossible to follow the official procurement process, including:
4.13.7.3 Emergency Dispensation

The conditions warranting Emergency dispensation should include the existence of one or more of the following:

- The possibility of human injury or death;
- The prevalence of human suffering or deprivation of rights;
- Health risk/environmental risk;
- The possibility of damage to property, or suffering and death of livestock and animals;
- The interruption of essential services, including transportation and communication facilities;
- Or support services critical to the effective functioning of the College as a whole;
- The possibility of serious damage occurring to the natural environment;
- The possibility that failure to take necessary action may result in the College not being able to render an essential community service; and
- The possibility that the security of the state could be compromised.

The prevailing situation, or imminent danger, should be of such a scale and nature that it could not readily be alleviated by interim measures, in order to allow time for the formal procurement process. Emergency dispensation shall not be granted in respect of circumstances other than those contemplated above.

Where possible, in an emergency situation, three quotes in accordance with general acquisition management principles should be obtained if possible and a report submitted to the Accounting Officer for approval.
However, where time is of the essence, the emergency shall be immediately addressed, and the process formalized in a report to the Accounting Officer as soon as possible thereafter.

In all cases above the reasons for deviating from inviting competitive bids must be recorded and approved by the Accounting Officer.

4.13.8 Negotiations

Subject to approval by the Accounting Officer, the College may engage in procurement by means of negotiation when:

- There is an urgent need for the goods, works or services, and engaging in bidding proceedings would therefore be impractical, provided that the circumstances giving rise to the urgency were neither foreseeable by the procuring entity nor the result of dilatory conduct on its part;
- Owing to a catastrophic event, there is an urgent need for the goods, works or services, making it impractical to use other methods of procurement because of the time involved in using those methods; or
- Bidders have been identified as preferred bidders through a competitive bidding process.

4.14 TYPES OF CONTRACTS FOR GOODS AND SERVICES

- **Transversal Contracts**
  This kind of contracts may be arranged by the Provincial Treasury for goods/services required on a repetitive basis by more than one participating institution.

- **Ad Hoc Contracts**
  This kind of contracts can be arranged for a once off requirement for goods and services after obtaining prior approval from the Accounting Officer.

- **Specific Term Contracts**
  A specific term contract for the supply of goods/services, hiring or letting of anything, the acquisitioning or granting of any right, or sale of moveable state property over a specific term, of the repetitive requirements of a specific institution. Prior approval of the Accounting Officer needs to be obtained.

4.14.1 NOTIFICATION AND ADVERTISING

The Acquisition Management unit is responsible for the notification and advertising of all bids and quotations.

The following mandatory advertising principals should be applied by the College in relation to bids:

- All bids should be advertised in the National Treasury Tender Bulletin;
All bids should be advertised in the local newspapers; and
Optional – The College may advertise the bids on their website.

Any other appropriate media can also be used if the Accounting Officer deems it necessary to ensure greater exposure to potential bidders except in urgent cases when bids can be advertised for shorter periods as the Accounting Officer may determine.

Timely notification of bidding opportunities is essential in competitive bidding. Bids should be advertised for at least 21 days before closure. If a shorter running period is required pre approval must be obtained from the Accounting Officer with a motivation. Longer periods for large and complex works can also be considered.

4.14.2. CLOSING AND OPENING OF BIDS

Two officials of the acquisition management unit must be appointed to open bids on the closing date and time. There must always be two officials present when bids are opened in public. Bid prices to be read out in public as far as possible. A cut-off time must be set to maintain bidder’s confidence in the system. The cut-off time is 11:00 on the day indicated in the bid invitation documents.

Bids received after the closing time must not be considered and must be returned unopened to the bidder with an explanation.

No bid should close between 15 to 31 December due to the beginning of the festive season.
Postponement of the closing date can only be done if the postponed date can be advertised in the same media as originally advertised before the original closing date.

4.14.3 SOURCING STRATEGY

The optimum sourcing strategy and technique should be used, taking due cognizance of the nature of the commodity or service required, delivery conditions (JIT) supplier and specific College goals to be promoted. Sourcing strategies might include:

- Quotations;
- Bidding;
- Pre-qualification;
- Two stage bidding;
- Negotiations; and
- Existing contracts.

No subdividing of requirements to avoid the invitation of formal competitive bids will be allowed. A minimum of three quotations must be obtained to avoid favoritism. Where not possible each case will be dealt with on its own merits. All purchases above R30, 000.00 is subjected to the preferential procurement points system and needs to be advertised. All quotations below the amount of R30, 000.00 needs to be allocated on a rotation basis to promote equal opportunities amongst all EME’s.

Suppliers will be categorized by the SCM Unit according to the goods / services they are capable of supplying. (Refer to data base) The CIBB grading system will be used for construction related projects.
4.15 BID VALIDITY

The College shall complete the evaluation of bids and the award of a contract within the initial period of validity so that extensions are not necessary. (Bids 60-90 days and quotations 30-60 days). An extension of bid validity required to complete the evaluation, obtain the necessary approval, award the contract, if justified by exceptional circumstances, shall be requested in writing from all bidders. Bidders will not be permitted to lower their bid price. The prices can remain the same or be increased. No fluctuation in prices is allowed in the event of requesting bid validity extension. Service providers to keep prices constant.

Whenever a extension of the validity period is requested, bidders shall not be requested or be permitted to change the right to refuse to grant such an extension without forfeiting their bid security; but those who are willing to extend the validity of their bid shall be required to provide a suitable extension of bid security. The bid validity is set on 90 days.

4.16 AWARDING OF CONTRACTS

According to the prescripts of the PPPFA and its Regulations, a contract may only be awarded to a bidder who scored the highest number of points, unless objective criteria justify the award to another bidder. Should this be the case, the Accounting Officer should be able to defend the decision not to award the bid to the bidder who scored the highest points in any court of law.

♦ The College shall award the contract, within the period of the validity of bids, to the bidder who meets the appropriate standards of capability and resources and whose bid has been determined:
  ✤ To be substantially responsive to the bidding documents; and
  ✤ Has scored the highest number of points for price and BEE rating.

♦ A bidder shall not be required, as a condition of award, to undertake responsibilities for work not stipulated in the bidding documents or otherwise, to modify the bid as originally submitted.

♦ Confidentiality:
  ✤ Bids are not available for perusal by the public;
  ✤ The Colleges must inform all unsuccessful bidders in writing about the outcome of the bid.
  ✤ The Colleges should, only when requested in writing by the bidders, provide them with the reasons why his/her own bid was not successful;
  ✤ The reasons why another bidder’s bid was unsuccessful should not be supplied, as this may contain privileged information (e.g. a negative banking report);
  ✤ No itemized prices other than the formal contract prices of the successful bidder(s) should be supplied to competitors;
According to the prescripts of section 36 of the Promotion of Access to Information Act, No. 2 of 2000, no information may be revealed that will prejudice a third party in commercial competition. Revealing itemized prices of unsuccessful bidders may reveal their trade secrets, strategies and no such information should be revealed without the written consent of the relevant bidder(s).

4.17 Contract management / administration

It is at all times the duty of the state to protect the public interest, hence the disposition to acquire supplies and services at the best conditions relative to the specified quality. However, this does not place the state in a position, as one party to a contract, to claim any special prerogatives or powers other than those specifically provided for in the contract conditions and those that are legally admissible.

Before a contract is concluded there must be absolute consensus between the parties concerned and once the contract has been concluded the contract conditions must be strictly adhered to by all parties. A supplier is obliged to furnish the required item or service and the buyer, in this instance the College, is obliged to take delivery if the required item conforms to the specified requirements, and to pay the agreed price to the supplier.

All actions after conclusion of a contract can be regarded as contract administration. Contracts must be administered in terms of the specifications and conditions contained in the contract, as well as general legal aspects. Decisions taken must be able to stand up in a court of law.

General

Once the Accounting Officer has awarded the contract, the responsibility for managing the contract rests with the College Cost Centre / HOD's who initiated the need for the contract. This management process includes monitoring adherence to the contract agreement by the contractor.

HOD's will be served with the contract(s) for the service(s) they have procured or using.

Each College Cost Centre / HOD's should develop and apply the necessary performance management systems including appropriate record keeping to ensure contracts are managed in an effective and efficient manner.

Contract administration, including monitoring of socio-economic objectives as undertaken by the contractor during the bidding stage, should also be monitored by the College Cost Centers / HOD's.

The contract shall be written in English. All correspondence and other documents pertaining to the contract that are exchanged by the parties shall also be written in English.

Contracts register to be established.
The provision for cancellation of a contract for unsatisfactory performance and the appropriate mechanisms to undertake the cancellation should be included in the relevant bid documentation.

The Accounting Officer will cancel a contract awarded to a person if:

- That person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; and
- An official or any other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person.

All notifications to bidders must be done within 48 hours after the Accounting Officer has approved the contract. The SCM Unit / bidding section is responsible to issue and sign the letter of award.

ONLY THE ACCOUNTING OFFICER OR HIS DELEGATE CAN SIGN THE FORMAL CONTRACT ON BEHALF OF THE COLLEGE.

No bidder will be awarded a second contract at the same time if it cannot be proven beyond doubt and to the satisfaction of the Accounting Officer that the said contractor has the capacity to commence with both contracts and to complete both contracts in the minimum time allowed.

4.18 RECOVERABLE AND IRRECOVERABLE COSTS

4.18.1 FRUITLESS AND WASTEFULL EXPENDITURE

Definition:
In terms of the PFMA fruitless and wasteful expenditure is an expenditure that was made in vain that would have been avoided had reasonable care been exercised?

Costs incurred by Colleges that can be classified as fruitless and wasteful should be recovered from officials if found guilty of financial misconduct. These expenses will be reported to Council on a monthly basis.

- A separate Fruitless and Wasteful as well as irregular expenditure policy to be developed in this regard.
- An investigation or incident report to be compiled for the Accounting Officer.

4.18.2 IRREGULAR EXPENDITURE

Definition:
Irregular expenditure relates to expenditure incurred that is in contravention of or that is not in accordance with a requirement of any applicable legislation, including the PFMA. All cases of irregular expenditure involving the procurement of goods and services must be reported to the Accounting Officer.
4.19 MONITORING AND COMPLIANCE

During the process of monitoring and compliance a retrospective analysis should be undertaken to determine whether proper processes was followed and the desired objectives achieved. The compliance unit in the SCM Office is responsible for monitoring compliance by both officials and suppliers/contractors.

ISSUES TO BE MONITORED FOR COMPLIANCE

- Achievement of college goals;
- Compliance to norms and standards;
- Validity of preference points claimed by contractors;
- Investigating suppliers profiles;
- Monitor savings generated;
- Evaluate stores efficiency;
- Contract compliance;
- Cost efficiency of procurement processes;
- Whether SCM objectives are consistent with the Governments broader policies; and
- Monitor BEE implementation.

The project leader must monitor and evaluate on site performance and report to the Accounting Officer on progress on a monthly basis. Monitoring of all payments should be carried out by the Chief Financial Officer.

A Risk Management Committee to be established which will be chaired by the Accounting Officer or his /her delegate.

4.20 APPOINTMENT OF CONSULTANTS

APPOINTMENT OF CONSULTANTS/PROFESSIONAL SERVICES OTHER THAN CONSTRUCTION PROFESSIONAL SERVICE PROVIDERS

(Refer to National Treasury Practice Note 3 of 2003)

The term consultants refers to and includes consulting firms, engineering firms, construction managers, management firms, procurement agents, inspection agents, auditors, other multinational organizations, investment and merchant banks, universities, research agencies, government agencies, non government organizations and individuals.

Accounting Officers may use these organizations as consultants to help in a wide range of activities. The appointment of consultants needs to be done only when the necessary skills and/ or resources to perform a project / duty / study are not available, and when the Accounting Officers cannot be reasonably expected either to train or to recruit people in the time available.

Consultants are of intellectual and advisory nature.

4.20.1 Nature of appointment

- Contract appointments in terms of the Public Service Act, 1994; and
4.20.2 Selection methods for the appointment of consultants

The Accounting Officer of the College should be responsible for preparing and implementing the project, for selecting the consultant, awarding and subsequently administering the contract, as well as for the payment of consulting services under the project.

While the specific rules and procedures to be followed for employing consultants depend on the circumstances of the particular case, at least the following four major considerations should guide the Accounting Officer on the selection process:

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

The particular method to be followed for the selection of consultants for any given project should be selected by the Accounting Officer in accordance with the criteria outlined in the National Treasury: Supply Chain Management - Guide for Accounting Officers

The method selection is determined by the scope of the assignment, the quality of service, the complexity of the assignment and whether assignments are of a standard and routine nature.

Consultant services must be procured through competitive bids if:

- The value of the contract exceeds R500,000.00 (VAT included) or
- The duration period of the contract exceeds one year.

All documentation, system and process, information used and developed, produced or manufactured and rights so required by the consultant in there course of the consultancy services is vested in the College.

The following are the methods most generally used for the appointment of consultants:
4.20.2.1 Quality and Cost Based Selection (QCBS)

In the majority of cases, the abovementioned major considerations can best be addressed through competition among firms in which the selection is based both on the quality of the services to be rendered and on the cost of the services to be provided, i.e. Quality and Cost-Based Selection (QCBS). This method is used in the event of an assignment being not complex or specialized.

Cost as a factor of selection should be used judiciously.

The relative weight to be given to the quality and cost should be determined for each case depending on the nature of the assignment.

Investment and commercial banks, financial firms, and fund managers hired by the Accounting Officer for the sale of assets, issuance of financial instruments, and other corporate financial transactions, notably in the context of privatization operations, should be selected under QCBS.

Auditors typically carry out auditing tasks under well-defined TOR and professional standards. They should be selected according to QCBS, with cost as a substantial selection factor (40-50 points), or by the "Least Cost Selection" outlined in paragraph 4.20.2.4. When consultants are appointed to execute an audit function on behalf of the Accounting Officer, the tariffs agreed by the Auditor-General and the South African Institute for Chartered Accountants (SAICA) may be used as a guideline to determine the appropriate tariff or to determine the reasonableness of the tariffs. These tariffs can be obtained from SAICA's website under www.saica.co.za. The tariffs are captured in a circular issued by SAICA.

In some circumstances, QCBS is not the most appropriate method for selecting consultants, and other methods are more appropriate. This section describes other selection methods and the circumstances under which they are generally appropriate.

4.20.2.2 Quality Based Selection (QBS)

(i) QBS is appropriate for the following types of assignments:

(a) Complex or highly specialized assignments for which consultants are expected to demonstrate innovation in their proposals (for example, financial sector reforms) for which it is difficult to define precise TOR and the required input from the consultants, and for which the client expects the consultants to demonstrate innovation in their proposals (for example, country economic or sector studies, multi-sectoral feasibility studies, design of a hazardous waste remediation plant or of an urban master plan, financial sector reforms); the appointment of engineers for engineering designs can also be done under this method.

(b) Assignments that have a high downstream impact and in which the objective is to have the best experts (for example, feasibility and structural engineering design of such major infrastructure as large dams, policy studies of national significance, management studies of large government agencies); and
Assignments that can be carried out in substantially different ways, such that proposals will not be comparable (for example, management advice, and sector and policy studies in which the value of the services depends on the quality of the analysis).

(ii) In QBS, the RFP may request submission of a technical proposal only (without the financial proposal), or request submission of both technical and financial proposals at the same time, but in separate envelopes (two-envelope system). The RFP should not provide the estimated budget, but it may provide the estimated number of key staff time, specifying that this information is given as an indication only, and that consultants should be free to propose their own estimates.

If technical proposals alone were invited, after evaluating the technical proposals using the same methodology as in QCBS, the Accounting Officer should request the consultant with the highest ranked technical proposal to submit a detailed financial proposal. The Accounting Officer and the consultant should then negotiate the financial proposal and the contract. All other aspects of the selection process should be identical to those of QCBS.

If, however, consultants were requested to provide financial proposals initially together with the technical proposals, safeguards should be built in to ensure that the price envelope of only the selected proposal is opened and the rest returned unopened, after the negotiations are successfully concluded.

4.20.2.3 Selection under a fixed budget

This method is appropriate only when the assignment is simple and can be precisely defined and when the budget is fixed. The RFP should indicate the available budget and request the consultants to provide their best technical and financial proposals in separate envelopes, within the budget. The TOR should be particularly well prepared to ensure that the budget is sufficient for the consultants to perform the expected tasks. Evaluation of all technical proposals should be carried out first as in the QCBS method where after the price envelopes should be opened in public. Proposals that exceed the indicated budget should be rejected. The consultant who has submitted the highest ranked technical proposal should be selected and invited to negotiate a contract.

4.20.2.4 Least-cost selection

This method is more appropriate to selection of consultants for assignments of a standard or routine nature (audits, engineering design of noncomplex works, and so forth) where well-established practices and standards exist, and in which the contract amount is small. Under this method, a “minimum” qualifying mark for the “functionality” is established. Proposals to be submitted in two envelopes are invited. Potential suppliers may be obtained from the list of approved service providers. Technical envelopes are opened first and evaluated. Those securing less than the minimum mark should be rejected and the financial envelopes of the rest are opened in public.

The firm with the highest points should then be selected. Under this method, the qualifying minimum mark should be established, keeping in view that all proposals above the
minimum compete only on price and BEE Rating. The minimum mark to qualify should be stated in the RFP.

4.20.2.5 Single-source selection

(i) Single-source selection of consultants does not provide the benefits of competition in regard to quality and cost and lacks transparency in selection, and could encourage unacceptable practices. Therefore, single-source selection should be used only in exceptional cases. The justification for single-source selection should be examined in the context of the overall interests of the client and the project.

(ii) Single-source selection may be appropriate only if it presents a clear advantage over competition for tasks that represent a natural continuation of previous work carried out by the firm.

Also:

(a) Where a rapid selection is essential (for example, in an emergency operation);
(b) For small assignments not exceeding R500,000.00 per case.
(c) When only one firm is qualified or has experience of exceptional worth for the assignment.

(iii) The reasons for a single-source selection must be recorded and approved by the Accounting Officer or his / her delegate prior to the conclusion of a contract.

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

(v) If the initial assignment was not awarded on a competitive basis or was awarded under tied financing or reserved procurement or if the downstream assignment is substantially larger in value, a competitive process acceptable to the Accounting Officer should normally be followed in which the consultant carrying out the initial work is not excluded from consideration if it expresses interest.

Consultants may be selected on rotation from the database of consultants in this case only.

4.20.2.6 Selection based on consultants' qualifications

This method may be used for very small assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases, the Accounting Officer should prepare the TOR, request expressions of interest (EOI) and information on the consultants’ experience and competence relevant to the assignment and select the firm with the most appropriate qualifications and references. Potential suppliers may be obtained from the list of accredited service providers. The selected firm should be requested to
submit a combined technical-financial proposal and then be invited to negotiate the contract.

4.20.2.7 Selection of individual consultants

Individual consultants may normally be employed on assignments for which:

* Teams of personnel are not required.
* No additional outside (home office) professional support is required.
* The experience and qualifications of the individual are the paramount requirement.
* When coordination, administration, or collective responsibility may become difficult because of the number of individuals, it would be advisable to employ a firm.
* Individual consultants should be selected on the basis of their qualifications for the assignment. They may be selected on the basis of references or through comparison of qualifications among those expressing interest in the assignment or approached directly by the Accounting Officer. Individuals employed by the Accounting Officer should meet all relevant qualifications and should be fully capable of carrying out the assignment. Capability is judged on the basis of academic background, experience and, as appropriate, knowledge of the local conditions, such as local language, culture, administrative system, and local government environment.
* From time to time, permanent staff or associates of a consulting firm may be available as individual consultants. In such cases, the conflict of interest provisions described in these guidelines should apply to the parent firm.

4.20.2.8 Selection of particular types of consultants

Use of Non-governmental Organisations (NGOs):

NGOs are voluntary non-profit organisations that may be uniquely qualified to assist in the preparation, management, and implementation of projects, essentially because of their involvement and knowledge of local issues, community needs, and/or participatory approaches. NGOs may be included in the short list if they express interest and provided that the Accounting Officer is satisfied with their qualifications. For assignments that emphasize participation and considerable local knowledge, the short list may comprise entirely from NGOs.

If so, the QCBS procedure should be followed, and the evaluation criteria should reflect the unique qualifications of NGOs, such as voluntarism, non-profit status, local knowledge, scale of operation, and reputation. An Accounting Officer may select the NGO on a single-source basis, provided the criteria outlined for single-source selection are fulfilled.

4.20.2.9 Inspection agents

Accounting Officers may wish to employ inspection agencies to inspect and certify goods prior to shipment or on arrival in the country. The inspection by such agencies usually covers the quality and quantity of the goods concerned and reasonableness of price. Inspection agencies should be registered with the South African National Accreditation System (SANAS) and the services of these inspection agents should be obtained by means of competitive bidding.

4.20.2.10 Banks
An Investment Policy must be formulated:

A competitive bid for bank service must be placed for a minimum engagement period of three years and annual reviews must be undertaken in comparison to market related fees.

Investment and commercial banks, financial firms, and fund managers hired by Accounting Officers for the sale of assets, issuance of financial instruments and other corporate financial transactions, notably in the context of privatization operations, should be selected under QCBS. The RFP should specify selection criteria relevant to the activity - for example, experience in similar assignments or network of potential purchasers - and the cost of the services.

In addition to the conventional remuneration (called a "retainer fee"), the compensation includes a "success fee." This fee can be fixed, but is usually expressed as a percentage of the value of the assets or other financial instruments to be sold. The RFP should indicate that the cost evaluation will take into account the success fee, either in combination with the retainer fee or alone. If alone, a standard retainer fee should be prescribed for all shortlisted consultants and indicated in the RFP, and the financial scores should be based on the success fee as a percentage of a pre-disclosed notional value of the assets. For the combined evaluation (notably for large contracts), cost may be accorded a weight higher or the selection may be based on cost alone among those who secure a minimum passing mark for the quality of the proposal. The RFP should specify clearly how proposals will be presented and how they will be compared.

4.20.2.11 Auditors

Auditors typically carry out auditing tasks under well-defined TOR and professional standards. They should be selected according to QCBS, with cost as a substantial selection factor (40-50 points), or by the "Least-Cost Selection." When consultants are appointed to execute an audit function on behalf of the Accounting Officer, the tariffs agreed by the Auditor-General and the South African Institute for Chartered Accountants (SAICA) may be used as a guideline to determine the appropriate tariff or to determine the reasonableness of the tariffs. These tariffs can be obtained from SAICA's website under www.saica.co.za. The tariffs are captured in a circular issued by SAICA.

4.20.2.12 Service Delivery Contractors

Projects in the social sectors in particular may involve hiring of large numbers of individuals who deliver services on a contract basis (for example, social workers, nurses and paramedics). The job descriptions, minimum qualifications, terms of employment and selection procedures should be described in the project documentation.

4.20.2.13 Associations between consultants

Consultants may associate with each other to complement their respective areas of expertise, or for other reasons. Such an association may be for the long term (independent of any particular assignment) or for a specific assignment and only permitted if the other partner is a B-BBEE entity with more than 50% black ownership. The association may take the form of a joint venture or a sub-consultancy. In case of a joint venture, all members of the joint venture should sign the contract and are jointly and severally liable for the entire assignment. Once the bids or Requests for Proposals (RFP's) from service providers are
issued, any association in the form of joint venture or sub-consultancy among firms should be permissible only with the approval of the Accounting Officer or his/her delegate. Accounting Officers should not compel consultants to form associations with any specific firm or group of firms, but may encourage associations with the aim to enhance transfer of skills.

PART 5

5.1 PREPARATION OF A TERMS OF REFERENCE

The TOR must be prepared by an expert within the acquisition management process. The TOR must be compatible with the available budget. The TOR must define as clearly as possible the scope, goals and the objectives of the assignment including background information to assist the service provider in the preparation of their proposal. As part of the specification the TOR must allow the consultant/service provider to propose their own methodology.

The TOR must include policy objectives to be achieved as well as the following:

- Scope of the work;
- Methodology;
- Skills transfer;
- Time frames;
- Preference point system;
- Evaluation process to be followed;
- Evaluation criteria; and
- Validity period.

The TOR must form part of the standard bidding documentation.

5.2 TRAINING OF SCM PRACTITIONERS

Training and continues development of the SCM staff compliment should be prioritized by the Head of SCM and the Accounting Officer. All officials involved in Supply Chain Management function should be subjected to training in SCM with SAQA accredited institutions and issued with a certificate for competency in the training completed. This includes heads of offices, campus heads, responsibility managers, financial managers etc.

All nominations must be submitted to the Supply Chain Unit which will then handle it further. The costs for training will be for the account of the College and needs to be budgeted for.

The following priority level for training be identified:
- Accounting Officer, CFO, Finance Senior and SCM staff;
- BAC Committee members;
- BEC Committee members; and
- Council.

5.3 CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT PRACTITIONERS AND BID COMMITTEE MEMBERS
In accordance with the Framework of Supply Chain Management that was promulgated in Government Gazette Number 25767 on 5 December 2003 as Treasury Regulations, National Treasury is required to issue a Code of Conduct for Supply Chain Management Practitioners that should be adhered to by all officials and other role players involved in supply chain management.

5.3.1 GENERAL PRINCIPLES

- The Government of South Africa commits itself to a policy of fair dealing and integrity in the conducting of its business. The position of a supply chain management (SCM) practitioner is, therefore, a position of trust, implying a duty to act in the public interest. Practitioners should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or supplier/contractor for themselves, their family or their friends.

- Practitioners should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the principals adopted by the Colleges as stated in the relevant legislation and regulations including the Public Service Regulations issued by the Department of Public Service and Administration, National Treasury Regulations and Practice Notes and directives issued by Accounting Officers. They should ensure that public resources are administered responsibly.

- Practitioners should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.

- Practitioners should comply with the Code of Conduct for the Public Service as contained in Chapter 2 of the Public Service Regulations, 2001 especially items C4.5 to C4.12 and C5.3 to C5.4 thereof.

5.3.2 CONFLICT OF INTEREST

- An employee of the College may not, without approval of the Accounting Officer, undertake work outside her or his official duties or use of office equipment for such work.

- SCM practitioners, to the extent required by their position, should declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest.

- These declarations should be submitted to the Accounting Officer and should be recorded by the SCM unit.

- They should not place themselves under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties.

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

- Practitioners are accountable for their decisions and actions to the public.
- Practitioners should use public property scrupulously.
- Only Accounting Officers or their delegates have the authority to commit the government to any transaction for the procurement of goods and/or services.
- All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.

5.3.4 OPENNESS

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

5.3.5 CONFIDENTIALITY

- Any information that is the property of the government or its suppliers should be protected at all times. No information regarding any bid/contract/bidder/contractor may be revealed if such an action will infringe on the relevant bidder/contractor’s personal rights.
- Matters of confidential nature in the possession of supply chain practitioners should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions should also apply after separation from service. (Attached a copy of the code of conduct)

5.3.6 OBSERVANCE OF ETHICAL STANDARDS

Accounting Officers as well as bidders/suppliers/persons must observe the highest standard of ethics during the procurement process and execution of contracts. In pursuance of this policy, the following definitions will be applicable:

- "corrupt practice" means the offering, giving, receiving, or soliciting of anything of value to influence the action of a public official in the procurement process or in contract execution; and
- "fraudulent practice" means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of the College or College entity, and includes collusive practices among bidders (prior to or after bid submission) designed to establish bid prices at artificial, non-competitive levels and to deprive the College or College entity of the benefit of free and open competition.

5.3.7 THE ACCOUNTING OFFICER
Must reject a proposal for award if he/she determines that the service supplier recommended for award, has engaged in corrupt or fraudulent activities in competing for the contract in question;

May insist that a provision is included in the contract agreement with the contractor, requiring contractors to permit the Accounting Officer to inspect their accounts and records relating to the performance of the contract and to have them audited by auditors appointed by the Accounting Officer.

Where evidence in support of corrupt, fraudulent practices or criminal offences are reported and substantiated, the Accounting Officer is to initiate criminal proceedings against such business entity, official or other role player, and inform the relevant Treasury of such measures.

Must consult the National Treasury’s Register for Tender Defaulters before awarding of contracts. Refer to Circular dated 19/02/2008.

5.4 OBJECTION / APPEAL PROCESS

The Accounting Officer may formulate an Objection Committee that will be responsible to manage any inquiries received or objections raised by unsuccessful bidders.

This Committee should consist of a minimum of 2 members and may comprise members of the Bid Evaluation Committee (BEC). The following should be noted by the Objection Committee:

Confidentiality:

- Bids are not available for perusal by the public;

- The Colleges should, only when requested in writing by the bidders, provide them with the reasons why his/her own bid was not successful;

- The reasons why another bidder’s bid was unsuccessful should not be supplied, as this may contain privileged information (e.g. a negative banking report);

- No itemized prices other than the formal contract prices of the successful bidder(s) should be supplied to competitors;

- According to the prescripts of section 36 of the Promotion of Access to Information Act, No. 2 of 2000, no information may be revealed that will prejudice a third party in commercial competition. Revealing itemized prices of unsuccessful bidders may reveal their trade secrets, strategies and no such information should be revealed without the written consent of the relevant bidder(s).

5.5 RETENTION FEES
To strive towards uniformity, all contracts must be based on the General Conditions of Contracts (GCC) issued by National Treasury. Any aspect not covered can be dealt with in the special conditions of contract. These conditions should form an integral part of the bidding documents.

The Special Conditions of Contract applicable to each bid must be approved by the Accounting Officer or his/her delegate (Bid Adjudication Committee) before included in the bidding documents.

As a special condition to the contract, a maximum retention fee of 10% may be approved by the Accounting Authority for each individual contract.