

## F3 SUPPLY CHAIN MANAGEMENT POLICY

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## Table of Contents

1. Purpose.....	4
2. Scope of Application.....	4
3. Legal Framework and References.....	4
4. Definitions and Abbreviations.....	5
5. Responsibility Framework.....	10
6. Policy.....	11
6.1. Disclosure of Interest	11
6.2. Supply Chain Management Unit	11
6.3. Demand Management	12
6.4. Preferential Procurement	12
6.5. Pre-qualification criteria/objectives and Enterprise Development sub-contracting	13
6.6. Annual procurement plan	13
6.7. Suppliers of Goods and Services	13
6.8. Scoping through a request for information	14
6.9. Compilation of a Bid Register	14
6.10. Sourcing of Prospective Suppliers for price quotation and empowerment	14
6.11. Acquisition Management (Quotations - RFQ and Bids - RFP)	15
6.12. Committee System for Competitive Bids	23
6.13. Appointment of Consultants	28
6.14. Deviation from and ratification of procurement process	28
6.15. Urgent and emergency cases	28
6.16. Unsolicited Bids	31
6.17. Subscriptions and Exemptions	31
6.18. Combating of Abuse of the SCM System	32
6.19. Logistics Management	32
6.20. Disposal Management	32
6.21. Risk Management	33
6.22. Supply Chain Performance Management	33
6.23. Prohibition on Awards	33
6.24. Ethical Standards	34
6.25. Irregular expenditure	35

6.26. Complaints and Queries	35
6.27. Appeals Process	35
6.28. Reporting of Procurement Information	36
6.29. Compliance with Provisions of Construction Industry Development Board Act (CIDB)	36
6.30. Public Private Partnerships	36
6.31. Access to Information	36
6.32. Procurement Compliance Assessment	37
6.33. Termination	37
7. Information and Education.....	37
8. Monitoring and Enforcement.....	37
9. Records.....	38
10. Version History.....	38

## 1. Purpose

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### 1.1. Policy Statement/Preamble

The Public Finance Management Act, 1999 (Act No.1 of 1999), as amended, provides that the Dube TradePort Corporation (DTPC) has a duty to take effective and active measures to be financially efficient, effective, transparent and economical through its supply chain management (SCM) processes.

### 1.2. Purpose

The purpose of this policy is to regulate the SCM functions and systems of DTPC, in order to ensure the efficient and effective provision of goods and services to enable the organization to fulfil its mandate.

### 1.3. Objectives

1. To provide a framework to implement a policy that is fair, equitable, transparent, competitive and cost effective and complies with all the applicable provisions of the Public Finance Management Act (PFMA), in line with the provision of Section 217 of the Constitution of the Republic of South Africa.
2. To provide a framework for DTPC to achieve its radical economic transformation objectives, in line with the Preferential Procurement Policy Framework Act (PPPFA).
3. To ensure that the policy enables DTPC to achieve its overall strategic objectives in an effective and efficient manner.

## 2. Scope of Application

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### 2.1. This policy will apply to:

- All DTPC staff and management; and
- DTPC Board and all sub-committees.

## 3. Legal Framework and References

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### 3.1. This policy is underpinned by the following pieces of legislation:

- The Constitution of the Republic of South Africa, Act 108 of 1996, as amended;
- Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended (PFMA);
- Treasury Regulations, 2005 (TR);

- All National Treasury and KwaZulu-Natal Provincial Treasury Practice Notes, circulars, letters and instruction notes issued from time to time;
- The Preferential Procurement Policy Framework Act (PPPFA), Act 5 of 2000;
- The PPPFA Regulations issued in 2017;
- The Broad-Based Black Economic Empowerment Act, the Strategy and the Codes of Good Practice;
- Construction Industry Development Board Act No 38 of 2000 and its Regulations;
- The Prevention and Combating of Corrupt Activities Act, Act No 12 of 2004;
- Promotion of Administrative Justice Act, Act No 3 of 2000;
- Promotion of Access to Information Act, Act No 2 of 2000;
- Protected Disclosures Act, Act No 26 of 2000;
- The Competition Act, Act No 89 of 1998;
- KwaZulu-Natal Dube TradePort Corporation Act, 2010 (Act No. 2 of 2010);
- The King IV Report on Corporate Governance for South Africa; and
- All other relevant Acts, as well as the general legal environment within which contracts will be executed.

## 4. Definitions and Abbreviations

### 4.1. Definitions

Term	Definition
Accounting Authority (Board)	Means the authority which is accountable in terms of section 49 of the PFMA in particular, read with section 49(2) (a) of the PFMA.
Acquisition and Demand Management	Demand and Acquisition management is the process of procurement of goods and services and includes inter alia the following:
Demand	Demand Management <ul style="list-style-type: none"> <li>• Procurement Planning.</li> <li>• Identification of preferential policy objectives;</li> <li>• Determination of market strategy;</li> <li>• Application of depreciation rates;</li> <li>• Application of total cost of ownership principle;</li> </ul>
Acquisition management	Acquisition Management <ul style="list-style-type: none"> <li>• Compilation of bid documentation, including conditions;               <ul style="list-style-type: none"> <li>◦ Determination of evaluation criteria, which will include, evaluation methodology, capability assessment, etc.;</li> <li>◦ Evaluation of bids and tabling of recommendations in line with relevant delegation of authority;</li> </ul> </li> <li>• Compilation and signing of contract documents;</li> <li>• Contract administration.</li> </ul>
All applicable taxes	Includes Value Added Tax; Pay As You Earn; Income Tax; Unemployment Insurance Fund contributions and Skills Development

	Levies.
Assets	Is a resource controlled by DTPC as a result of past events and from which future economic benefits or service potential are expected to flow to DTPC.
Bid	A written offer submitted in a prescribed or stipulated form, in response to an invitation.
Broad-Based Black Economic Empowerment	Means the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies that include, but are not limited to— (a) increasing the number of black people that manage, own and control enterprises and productive assets; (b) facilitating ownership and management of enterprises and productive assets by communities, workers, cooperatives and other collective enterprises; (c) human resource and skills development; (d) achieving equitable representation in all occupational categories and levels in the workforce; (e) preferential procurement; and (f) investment in enterprises that are owned or managed by black people.
B-BBEE status level of contributor	The B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9 (1) of the Broad-Based Black Economic Empowerment Act.
Collusive Bidding/ tendering	Collusive bidding/tendering (or bid rigging) occurs when business, that would otherwise be expected to compete, secretly conspire to raise prices or lower the quality of goods and/ or services for purchasers who wish to acquire goods and /or services through a bidding process. Bid rigging is, therefore, an agreement between competitors not to compete.
Competitive Bid	A bid in terms of a competitive bidding process.
Consultant	A professional service provider.
Contract	The written agreement.
Contractor	Any person whose bid or quotation has been accepted for the execution of work.
Delegation	A written authorization by a delegating authority to a designated official to exercise the delegated power or the performance of the assigned duty.
Disposal	The doing away with items that are no longer needed. This includes redundant and obsolete items.
EME	Exempted Micro Enterprise as defined in the B-BBEE Act.
Goods	Those raw materials or commodities which are available for general sale.
Irregular expenditure	Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance

	with a requirement of any applicable legislation, including the PFMA.
Long Term Contract	A duration period exceeding one year.
Preferential Procurement Legislation	The Preferential Policy Framework Act, 2000 (Act No 5 of 2000) and its associated Preferential Procurement Regulations of 2017.
Procurement	The acquiring of goods, services and engineering and constructions works, or the acquiring of capital assets by means of a purchase, lease or donation; and "procuring" has a similar meaning.
Professional services	Services provided by a qualified Professional within the scope of the practice of either accounting, architecture, land surveying, landscape architecture, or Professional engineering and shall also include, but not be limited to, land surveyors, Geotechnical Engineers, interior design Services, and Soils Engineers etc.
Public Private Partnership	<p>A Public Private Partnership (PPP) means a commercial transaction between an institution and a private party in terms of which the private party:</p> <ul style="list-style-type: none"> <li>• Performs an institutional function on behalf of the institution; and/or</li> <li>• Acquires the use of state property for its own commercial purposes; and</li> <li>• Assumes substantial financial, technical and operational risks in connection with the performance of the institutional function and/or use of state property; and</li> <li>• Receives a benefit for performing the institutional function or from utilising the state property, either by way of: <ul style="list-style-type: none"> <li>○ Consideration to be paid by the institution which derives from a revenue; or</li> <li>○ Charges or fees to be collected by the private party from users or customers of a service provided to them; or</li> <li>○ A combination of such consideration and such charges or fees.</li> </ul> </li> </ul>
Quotation	A written offer which is not submitted in the form of a bid document.
Relevant authority	<p>Relevant authority means:</p> <ul style="list-style-type: none"> <li>• The person or institution whose approval would have been required prior to entering into that transaction or incurring such expenditure or</li> <li>• the institution responsible for the relevant legislation.</li> </ul> <p>(Context: Irregular expenditure)</p>
Risk appetite	The level of residual risk that the company is prepared or willing to accept without further mitigation action being put in place, or the amount of risk the company is willing to accept in pursuit of value. A company's risk appetite will vary from risk to risk. Risk appetite is different from risk bearing capacity
Risk management	The level of residual risk that the company is prepared or willing to accept without further mitigation action being put in place, or the amount of risk the company is willing to accept in pursuit of value. A company's risk appetite will vary from risk to risk. Risk appetite is different from risk bearing capacity.
Services	The provision of labour and work carried out by hand, or with the

	assistance of plant and equipment.
Service Provider	A current or potential supplier, manufacturer, contractor, vendor, agent or consultant.
Single Source Purchase	Where the procurement is made directly from one company through a 16A6.4 deviation instead of obtaining three quotations or pursuing an open tender.  This process may only be supported by "an urgent or emergency situation" or where it is impractical to follow normal procedure.
Sole Source Purchase	Means where there is only one service provider that is able to provide that service or goods in the market or that the supplier has sole distribution rights for that service or product.  The service provider has exclusive/patent rights or unique original equipment manufacturer. The product is of a proprietary nature and can only be sourced from a specific supplier.
Supply Chain Management Unit	This is under the management and control of the Chief Financial Officer.
Unsolicited proposals/concepts	Any proposal/concept received by DTPC outside the normal procurement process that is not a solicited bid (a submission that must be innovative, unique, cost effective and provided by a sole supplier).

## 4.2. Abbreviations



<b>Abbreviation</b>	<b>Description</b>
BAC	Bid Adjudication Committee
B-BBEE	Broad-Based Black Economic Empowerment
BEC	Bid Evaluation Committee
BSC	Bid Specification Committee
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
CPG	Contract Participation Goal
CSD	Central Supplier Database
DoA	Delegation of Authority
DTPC	Dube TradePort Corporation
ED	Enterprise Development
EXCO	Executive Committee
LMJV	La Mercy Joint Venture
PAC	Proposal Assessment Committee
PFMA	Public Finance Management Act
PO	Purchase Order
PPP	Public Private Partnership
PPPFA	Preferential Procurement Policy Framework Act
RFI	Request for Information
RFP	Request for Proposal
RFQ	Request for Quotation
SCM	Supply chain management
TOR	Terms of Reference
TEC	Technical Evaluation Committee
TRC	Technical Review Committee

## 5. Responsibility Framework

Role	Responsibility
<b>Board</b>	Approves the new policy for the intended audience.
<b>Audit and Risk Committee</b>	Reviews and recommends the new policy to the Board. Approves the annual review of the policy as per DoA from the Board.
<b>CEO</b>	<p>In terms of section 51 of the PFMA, the Accounting Authority (delegated to the CEO) must ensure that the public entity has and maintains:</p> <ul style="list-style-type: none"> <li>• an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective; and</li> <li>• a system for properly evaluating all major capital projects prior to a final decision on the project.</li> </ul> <p>In addition, the CEO should:</p> <ul style="list-style-type: none"> <li>• ensure that all employees receive the appropriate and relevant SCM training;</li> <li>• approve the use of a service provider by DTPC after rehabilitation of the service provider according to statutory requirements; and</li> <li>• appoint the members of the bid committees.</li> </ul>
<b>EXCO</b>	EXCO will be responsible for the development and or review of this policy at least by the designated date for review or earlier if required.
<b>CFO</b>	<p>The CFO is the custodian of the SCM policy :</p> <ul style="list-style-type: none"> <li>• Reports on progress regarding its implementation;</li> <li>• Manages procurements and disposals;</li> <li>• Ensures that the procurement and disposal processes followed adhere to preference requirements without compromising price, quality, service delivery and developmental objectives;</li> <li>• Ensures that all employees receive the appropriate and relevant SCM training;</li> <li>• Responsible for establishing the amount to be paid by prospective service providers as a non-refundable deposit for enquiry documents;</li> <li>• Responsible for the verification of the applications of service providers' inclusion in the Register;</li> <li>• Responsible for compliance and other audits; and</li> <li>• Submits regular statutory and management reports to senior management regarding progress and any matters of importance relating to the SCM Policy.</li> </ul>
<b>All Line Managers</b>	<p>Each Line Manager within DTPC shall be responsible and accountable for:</p> <ul style="list-style-type: none"> <li>• Implementing the SCM Policy, including the demand and risk</li> </ul>

	<p>management processes;</p> <ul style="list-style-type: none"> <li>• Developing specifications and ToR's for his/her area of responsibility; and</li> <li>• Managing contracts in terms of vendor performance and compliance with contractual commitments.</li> </ul>
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## 6. Policy

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### 6.1. Disclosure of Interest

6.1.1. Staff involved in the procurement process must:

- Disclose any conflict of interest that may arise;
- Not use their position for private gain or to improperly benefit another person; and
- Not compromise the integrity of the procurement system through the acceptance of gifts or hospitality or any other act (Refer to DTPC Gift Policy).

6.1.2. If a staff member involved in the procurement process (or any family member, partner, associate of such staff member) has any private or business interest in any contract to be awarded, that member must:

- Disclose that interest; and
- Withdraw from participating in the procurement process leading up to that contract.

6.1.3. Failure to disclose any interest/ relationship with any of the bidders is a dismissible offence.

6.1.4. DTPC staff member may not compete for any tender/ quotation issued by DTPC/ LMJV or both and any bid(s) received from DTPC staff member(s) shall be disqualified and the matter treated as financial misconduct.

6.1.5. If a bidder/director/ board member/ shareholder/ trustee declares that he/she is an employee of the state and furnishes proof that appropriate authority exists for him or her to undertake remunerative work outside his or her employment in the public service, such a bid must be evaluated in accordance with the normal procurement processes.

6.1.6. If a bidder/director/ board member /shareholder /trustee is found to be an official who is in the service of the state and has failed to declare in the bid documents, the bidder must be disqualified and the matter must be dealt with as financial misconduct.

### 6.2. Supply Chain Management Unit

6.2.1. The SCM Unit shall implement and execute an appropriate SCM system which is fair, equitable, transparent, competitive and cost effective.

- 6.2.2. The SCM Unit shall be subject to the management control of, and accountable to, the CFO.
- 6.2.3. The procurement of all goods and services shall be the responsibility of the SCM Unit and this policy shall provide for the six elements, namely:
- Demand Management;
  - Acquisition Management;
  - Logistics Management;
  - Disposal Management;
  - Risk Management; and
  - Performance Management.

### **6.3. Demand Management**

- 6.3.1. Demand management entails the planning for all requirements for goods and services, as well as the disposal of redundant and obsolete assets and starts during the annual strategic planning phase.
- 6.3.2. A system of demand management shall translate the annual performance plans of DTPC into current and future needs, to cost and budget for the required goods and services.

### **6.4. Preferential Procurement**

- 6.4.1. Preferential procurement will be applied in line with the PPPFA and its Regulations, 2017.
- 6.4.2. Preference points will be calculated using the 80/20 or 90/10 system. The applicable preference point system must be stipulated in all bid documentation.
- 6.4.3. The 80/20 preference point system is applicable to bids with a Rand value equal to, or above R30,000 and up to a Rand value of R50 million (all applicable taxes included).
- 6.4.4. The 90/10 preference point system is applicable to bids with a Rand value above R50 million (all applicable taxes included).
- 6.4.5. No preferential system has to be applied in respect of procurement with a Rand value of less than R30 000.
- 6.4.6. DTPC shall apply pre-qualification criteria on its procurements for preferential procurement in line with the applicable regulations. The pre-qualifying criteria will be reflected in both advert and bid document.
- 6.4.7. DTPC has developed a B-BBEE strategy, which shall be utilized to inform the determination of the pre-qualifying criteria.

6.4.8. All procurements equal to or more than R30,000 where local content is applicable will be evaluated based on the rules of the particular sector as issued in the practice notes and circulars of National Treasury where applicable to DTPC.

## **6.5. Pre-qualification criteria/objectives and Enterprise Development sub-contracting**

6.5.1. DTPC shall include on its bids/ quotations an element of Enterprise Development in order to achieve specific socio and developmental goals.

6.5.2. Enterprise Development entails a process aimed to address certain key challenges facing black businesses that struggle to take their businesses from survivalist and/or micro level to a level of sustainability and profitability. The ED element is therefore designed to assist with the development, sustainability and financial and operational independence of Enterprise Development Beneficiaries.

6.5.3. The interventions specified in the Preferential Procurement Regulations as well as any other additional interventions and / or processes as defined in the DTPC B-BBEE Strategy must be implemented.

6.5.4. The implementation of the Enterprise Development shall within the framework of the Preferential Procurement Regulations, 2017.

## **6.6. Annual procurement plan**

6.6.1. DTPC shall draft a consolidated procurement plan for all quotations and bids utilizing the PPPFA Regulations and the guidelines outlined in preferential procurement above. This includes the use of pre-qualification criteria and mandatory sub-contracting.

6.6.2. The procurement plan must be submitted to the KZN Provincial Treasury through the designated department before the cut-off date each year for all bid over R500 000. The plan must be updated as changes occur. Progress against the procurement plan must be reported to the KZN Provincial Treasury on a quarterly basis.

6.6.3. This procurement plan must specify all required goods and services, estimated cost, critical delivery dates and commencement dates of required works and services and must be signed off by the CEO.

6.6.4. The approved annual consolidated procurement plan shall be used by the SCM Unit to draft a consolidated procurement programme that will ensure that the required quality and quantity goods and services are delivered at the appropriate time and place to ensure optimal service delivery.

## **6.7. Suppliers of Goods and Services**

All suppliers of goods and services must be registered on the Central Supplier Database (CSD).

### **6.8. Scoping through a request for information**

6.8.1. If sufficient information is not readily available with which to draft the ToR/ specifications, where practical and feasible, a request for information (RFI) process may be followed in order to obtain more market information. The information collected in this fashion may not be used to lead to sourcing from one supplier only nor may it be used to write the ultimate specification/TOR around just one specific product. Where circumstances dictate, this information may inform a sole or single source procurement.

6.8.2. It should be stated clearly in the RFI that the result of this process will not lead to an award and does not constitute a commitment.

### **6.9. Compilation of a Bid Register**

6.9.1. The SCM Unit should compile a bid register for all bids in excess of R500 000.

### **6.10. Sourcing of Prospective Suppliers for price quotation and empowerment**

6.10.1. The SCM Unit shall use the National Treasury Central Supplier Database (CSD) to source suppliers. For empowerment purposes, DTPC shall establish and manage a panel of suppliers to be used for the procurement requirements by means of price quotations. Such suppliers shall be instructed to register on CSD prior to the conclusion of the procurement process.

6.10.2. For empowerment purposes, prospective suppliers may be invited annually through advertisement in local representative newspapers and any other means deemed necessary to apply for inclusion to a panel of empowerment suppliers.

6.10.3. Once the list has been compiled per commodity and type of service, price quotations should be invited therefrom on a rotation basis (provided sufficient suppliers appear on the database) to promote on-going competition.

6.10.4. Prospective suppliers must be allowed to submit applications for listing at any time, but the list must be updated at least quarterly in order to accommodate especially newly established black empowered businesses and for adding or amending categories of requirements.

6.10.5. New categories should not be added to the list if there is a valid contract for the required service which covers all requirements.

6.10.6. Suppliers and Service Providers who are found to be in breach of DTPC's procurement policies and procedures as well as contract conditions may not be invited for future quotations until such time that a rehabilitation process has been successfully completed.

## **6.11. Acquisition Management (Quotations - RFQ and Bids - RFP)**

### **6.11.1. System of acquisition management**

- 6.11.1.1. Goods and services must be procured in accordance with authorised procurement processes and within the threshold values determined by National Treasury.
- 6.11.1.2. In the event that a prescribed procurement process cannot be followed (due to cost effectiveness or impracticality) permission must be sought by the CFO from the CEO (in his/her capacity as the delegated Accounting Authority) to deviate from the procurement process in terms of TR16.A6.4.
- 6.11.1.3. All officials within DTPC must ensure that goods and services have been properly procured prior to utilization.
- 6.11.1.4. The Accounting Authority may not increase the different National Treasury threshold values, but may reduce them.
- 6.11.1.5. Expenditure on goods and services may only be incurred in terms of an approved budget and within the limits of the amounts appropriated for the different line items.

### **Procurement from abroad**

- 6.11.1.6. Should a requirement (goods and services) not be available from a local supplier(s) within South Africa, DTPC shall consider international sourcing.
- 6.11.1.7. In a case of international sourcing, specific requirements and condition will be determined and included in the terms and conditions of the bid documentation and in line with the National Treasury's guidelines.
- 6.11.1.8. Strategic partnerships on international contracts shall be noted by the Board before any agreement is finalised.

### **6.11.2. General requirements**

- 6.11.2.1. Before inviting tenders, DTPC must properly plan for, and, as far as possible, accurately estimate the costs of the provision of the services, works or goods for which an invitation for tenders is to be made. To achieve this, a proper market research and budget computation process must be provided for all procurements equal to or in excess of R2 000.

6.11.2.2. During the planning process (demand management), DTPC may identify pre-qualification criteria (on all its bids) for preferential procurement and record such in the procurement plan for implementation on all DTPC procurements. The prequalification objectives shall be within the framework of the Preferential Procurement Regulations, 2017.

6.11.2.3. Services provided by only tertiary institutions can be procured through a tendering process where practical. Such tertiary institution will be required to submit their B-BBEE status in terms of the specialised scorecard.

**6.11.3. Procedure : Procurement Management Threshold**

Threshold	Procurement Value	Evaluation	Adjudication	Procedure
6	Above R100,000,000	BEC	Approval of the award by the Board  BAC report to be approved by CEO (on behalf of EXCO)	Open Tender
5	R500,000 to less than R100,000,000	BEC	Bid Adjudication Committee (BAC)  <ul style="list-style-type: none"> <li>For RFP's less than R50 million – concluding report approved by the CEO.</li> <li>For RFP's greater than R50 million – concluding report approved by EXCO.</li> </ul>	Open Tender
4	R30,000 to less than R500,000	SCM and/ or TEC	CFO	Full RfQ procedure. Three Quotations.
3	R10,000 to less than R30,000	SCM and/ or TEC	CFO	Limited RfQ procedure. Three Quotations.
2	R 2,000 to less than R10,000	SCM and/ or TEC	CFO	Limited RfQ procedure. Three Quotations.



1	Less than R2,000	User	Line Manager	One verbal Quotation or petty cash system where possible.
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**6.11.4. First Threshold – Up to a transaction value of R2,000 (including VAT)**

- 6.11.4.1. These purchases should be facilitated via Petty Cash where practical. The petty cash policy must stipulate for which items and under which circumstances petty cash may not be utilised.
- 6.11.4.2. The petty cash procedure may not be used for items available on contract or to purchase assets.

**6.11.5. Second Threshold – Up to R10,000 (including VAT)**

- 6.11.5.1. Verbal or written quotations must be obtained from at least three different service providers, preferably from providers whose names appear on the list of prospective suppliers on a rotation basis within cost-effective limits. In cases where at least three quotations cannot be obtained from the list, quotations may be sourced from other suppliers, provided that they be evaluated against the same criteria as the listed suppliers and be registered on the list of prospective suppliers before an order is placed with them.
- 6.11.5.2. Written confirmation of the preferred supplier's price must be obtained before placing of an order.
- 6.11.5.3. If it is not possible to obtain at least three quotations, the reasons must be recorded and submitted as part of the evaluation and recommendation report. These transactions must also be reported to the CFO. No exception approval is required. The official may extend the closing date of the submission of quotations in an attempt to solicit enough quotations.

**6.11.6. Third and Fourth Threshold – From above R10,000 to R500,000 (including VAT)**

- 6.11.6.1. Written quotations must be requested from as many as possible suppliers but at least three on a rotation basis, within cost-effective limits.
- 6.11.6.2. In cases where at least three written quotations cannot be obtained from the database, written quotations may be obtained from providers who are not listed, provided such service providers are evaluated against the same criteria as the listed suppliers and be registered on the list before an order is placed with them.
- 6.11.6.3. If it is not possible to obtain at least three written quotations, the reasons must be recorded and approved by the CEO prior to purchase. These transactions must also be reported to the CFO prior to purchase.

6.11.6.4. Prospective suppliers from which quotations are invited must be provided with and/ or be requested to complete or submit the following forms under the following circumstances:

- The B-BBEE preference form for transactions equal to and exceeding R30,000 as the quote must be evaluated on this basis in accordance with the PPPFA.
- Declaration of Interest form.
- Certificate of Independent Bid Determination form.
- Bidders Past SCM Practices form.
- An original valid tax clearance certificate or Tax status verification with CSD or SARS for all transactions exceeding R30 000. If an original valid tax clearance certificate is already in the DTPC's possession it is regarded as acceptable and the cross-reference of where it is must be recorded. Based on the Directive or Treasury and SARS, DTPC may only verify whether a bidder is in good standing with SARS through SARS verification process or CSD.

6.11.6.5. The evaluation of quotations must be done on a point's basis in accordance with the stipulations of the PPPFA and its accompanying regulations.

#### **6.11.7. Fifth and Sixth Threshold – Above the transaction value of R500,000 (Including VAT)**

6.11.7.1. No goods or services above R500,000 (including VAT) may deliberately be split into parts or items of lesser value to avoid procuring through competitive bidding.

6.11.7.2. All procurements from R500,000 (but less than R100 million) must be approved by the BAC and the concluding report approved by CEO.

6.11.7.3. All procurements from R50 million (but less than R100 million) must be approved by the BAC and the concluding report must be approved by the CEO on behalf of EXCO.

6.11.7.4. All procurements from R100 million must be approved by the Board based on the BAC report approved by EXCO and the CEO. EXCO must present the Board with the report following the evaluation from the BEC.

#### **6.11.8. Bidding process and documentation**

6.11.8.1. The bidding process includes:

- Compilation of bidding documentation;
- Public invitation of bids;
- Site meetings/Briefing Sessions if applicable;
- Receiving and processing of bids;
- Evaluation of bids;
- Assessment of bidders capability; and
- Adjudication of bids and awarding of contracts.

- 6.11.8.2. Bid documentation must be compiled in accordance with National and KZN Treasury directives.
- 6.11.8.3. For all bids relating to infrastructure refer to F3.1 Supply Chain Management Policy for Infrastructure Procurement and Demand Management.
- 6.11.8.4. All bids must be subject to the General Conditions of Contract and SCM guidelines of the National Treasury, as well as any legal enforceable, approved Special Conditions of Contract (SCC).
- 6.11.8.5. The relevant standard bid forms as indicated by National Treasury and CIDB (where applicable) shall be used when inviting bids, where practical to do so.
- 6.11.8.6. Bid documents shall clearly indicate the terms and conditions of contract, weighted criteria for functionality and evaluation procedures to be followed, including the criteria prescribed in terms of the Preferential Procurement legislation.
- 6.11.8.7. Bid documentation must compel all bidders to declare any conflict of interest bidders may have in a specific bid, and must prescribe that bidders must furnish valid, original tax clearance certificates or CSD / SARS verification number.
- 6.11.8.8. The bid documentation must prescribe that appeals be settled within ten days through prescribed processes, consultation, mediation (with or without legal presentation), or arbitration or when unsuccessful, set down by Provincial and/or National Treasury. (Refer to DTPC Appeals Process – Annexure 1).
- 6.11.8.9. The specifications and evaluation criteria shall ensure fair, equitable, transparent, competitive and cost effective bidding.
- 6.11.8.10. The specifications shall not mention trade names unless these are the only acceptable products, or a particular product is dictated in a DTPC policy to achieve efficiencies and economies of scale or where an indication is given that a similar product is required.
- 6.11.8.11. The CFO in consultation with the SCM officer may communicate with bidders and prospective bidders prior to bid closing. Such communication shall be in the form of a prescribed notice and shall, where possible, be issued at least five working days prior to the bid closing date.
- 6.11.8.12. The bid documentation must, if the value of the transaction is expected to exceed R10 million (including VAT), require bidders to furnish;
- Statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic of South Africa, and if so, what portion and whether any portion of payment from DTPC is expected to be transferred out of the Republic of South Africa; and

- Information regarding their obligation towards the National Industrial Participation Program (NIPP) of the Department of Trade and Industry.

### **6.11.9. Invitation of Competitive Bids**

- 6.11.9.1. All bids must be advertised at least in the Government Tender Bulletin as well as the National Treasury e-Tender portal. In addition, bids may be advertised in the media and/or DTPC's website. The information contained in a public advertisement, must include the address where bid documents may be collected, the cost of the bid document if applicable, and the bid closing time and date. Should a briefing session be held, the date and time of the session must also be indicated.
- 6.11.9.2. Bid closing date extension should only be considered when there is no significant impact on the operational requirements linked to that bid.
- 6.11.9.3. Extension of the validity of bids in the prescribed manner, in cases where it is expected that contracts cannot be awarded prior to the expiry of the initial validity period must be authorized by the Senior Manager: SCM.
- 6.11.9.4. Bid document should indicate that price validity extension will be requested from all bidders. Should bidders choose not to respond, such non response will be regarded as consent to the extension.
- 6.11.9.5. A closing date for the submission of bids which is less than the 21 days required may be approved by CEO but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impossible or impracticable to follow the official procurement process.
- 6.11.9.6. All correspondence with regard to bid documents shall be addressed to the Procurement Officer.

### **6.11.10. Process for Issuing, Receiving, Opening and Recording**

- 6.11.10.1. Bid documents shall only be issued by the SCM Unit.
- 6.11.10.2. Bid documentation shall be available for collection during normal office hours on the days stipulated.
- 6.11.10.3. Unless otherwise indicated in the bid documents, DTPC shall not be liable for any expenses incurred in the preparation and submission of a bid.
- 6.11.10.4. A non-refundable bid charge, as required in the bid notice, may be raised by DTPC for bid documents. This bid charge shall take into account the value of the procurement, transformational objectives as well as other relevant factors.

- 6.11.10.5. Details of all bidders who have been issued with bid documents shall be recorded by the SCM Unit. Such details shall include:
- The legal and full name of the person/company/closed corporation/firm drawing documents;
  - A contact person;
  - A contact telephone number;
  - A contact fax number;
  - A postal address; and
  - An email address.
- 6.11.10.6. Details recorded as required above shall remain confidential during and after the bid period.
- 6.11.10.7. The procedures for opening and recording of bids are as follows:
- 6.11.10.7.1. Tenders must be opened in public, unless the responses are received via the two stage bidding process; and it must be opened by at least 2 officials at the specified time and place;
- 6.11.10.7.2. Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out including each bidders total bidding price (where practical);
- 6.11.10.7.3. All bids/quotations that are received late from the stipulated time in the invitation to bid/quote or any subsequent notice will not be considered and will be recorded as such in the tender/quotation receipt register;
- 6.11.10.7.4. The official must authenticate each bid/quotation and record in a register all bids/quotation received in time. All bids/quotation received after the closing date and time must be rejected and where practical be returned to the bidder unopened.
- 6.11.10.8. Where practical, within ten days after the closure of the bids, DTPC will publish on its website the names of all bidders that submitted bids. This information should remain on the website for at least 30 days.

#### **6.11.11. Negotiations with Preferred Bidders**

- 6.11.11.1. The CEO (or a delegated official) may negotiate the final terms of a contract with preferred bidders identified through the normal open bidding process provided that it:
- does not allow any preferred bidder a second or unfair opportunity;
  - is not to the detriment of any other bidder; and
  - does not lead to a higher price than the bid submitted, unless a later variation of scope is agreed with the supplier.
- 6.11.11.2. Where price negotiations with the preferred bidder are not successful, the CEO (or delegated official) may engage with the second ranked bidder and follow the process as envisaged in the Preferential Procurement Regulations, 2017.

- 6.11.11.3. Where practical, minutes of such negotiations must be kept for record purposes.
- 6.11.11.4. Prior to signing a formal contract and/or service level agreement with a contractor, the CEO must ensure that such contracts or agreements are legally sound to avoid potential litigation and to minimize possible fraud and corruption. This must include legal vetting by the contract management unit and/or legal services.
- 6.11.11.5. Such contracts must be actively managed in order to ensure that DTPC and the contractors meet their respective obligations. (Refer to DTPC Contract Management Policy).

#### **6.11.12. Two-Stage Bidding Process**

- 6.11.12.1. A two-stage bidding process is allowed for:
- Large complex projects;
  - Projects where it may be undesirable to prepare complete detailed technical specifications; and
  - Sophisticated IT systems.

#### **6.11.13. Establishment of a panel of approved suppliers**

- 6.11.13.1. Where goods or services of a specialised nature are required on a recurring basis, a panel of approved suppliers for the supply of the goods or services may be established through the competitive bidding process.

#### **6.11.14. Limited bidding**

- 6.11.14.1. Limited bidding is only to be used if justification exists and the necessary approval has been obtained within the framework of the DoA document.
- 6.11.14.2. DTPC may use limited bidding under the following circumstances:
- Where DTPC applied the competitive (open) bidding process, but the bids received were all non-responsive, thus the time required to go out on the same process has elapsed.
  - Where DTPC can buy under exceptionally advantageous conditions that only arise in the very short term.
  - In the event that a change of provider would compel DTPC to obtain spare parts or additional equipment or services that are not compatible or interchangeable with existing equipment or services that were obtained from an original provider.

- The goods, services or works to be bought have to be designed by the supplier.
- When goods, services or works can only be supplied or rendered by a particular supplier and no reasonable alternative or substitute exists.
- There are legislative, technological or safety reasons to restrict purchases to providers who have proven their capability.
- In cases of urgency due to unforeseen circumstances where lack of planning or negligence did not play a role.
- In cases of emergency.
- In cases where it is not practical to follow the prescribed bidding process and approval has been obtained from the CEO. Where necessary, the relevant approvals must be obtained from the Provincial Treasury.

6.11.14.3. The three categories of limited bidding which may be used are multiple source, single source and sole source.

## **6.12. Committee System for Competitive Bids**

6.12.1. The CEO should be delegated to establish a committee system for competitive bids consisting of at least:

- Four standing bid specification committees (BSC);
- A Standing bid evaluation committees (BEC);
- A Standing Bid Adjudication Committee (BAC);
- A Standing appeals committee; and
- Standing SCM Officials within the SCM Unit.

6.12.2. All members of the committees shall be jointly and severally liable for the decisions that are made by their respective committees.

6.12.3. In addition, the CEO should be delegated to appoint the following committee to assess all Call for Proposals:

- Ad hoc Technical Review Committee (TRC)and
- A standing Proposals Assessment Committee (PAC - BAC).

- 6.12.4. Appoint the members of each committee in writing.
- 6.12.5. Provide for an attendance or oversight process by a neutral or independent observer, appointed by the CEO, when this is appropriate for ensuring fairness and promoting transparency.
- 6.12.6. No person who is a political office bearer, a public office bearer, a political advisor or a person appointed in terms of section 12A of the Public Service Act of 1994 or who has a conflict of interest shall be appointed to a bid specification, bid evaluation or bid adjudication committee.
- 6.12.7. Bid committee decision shall as far as possible be based on the consensus principle i.e. the general agreement characterised by the lack of sustained opposition to substantial issues. Unless otherwise it is clear that consensus cannot be reached, the Treasury guidelines in decision making shall apply. Bid committee shall record their decisions in writing. Such decisions shall be kept in a secured environment for a period of not less than five years after the completion or cancellation of the contract.

#### **6.12.8. Bid Specification Committee (BSC)**

- 6.12.8.1. The BSC must be composed of multi-disciplinary teams of specialists which include at least:
- One SCM representative;
  - One internal technical representative (user department);
  - One independent external quality control specialist; and
  - External specialist advisor(s).
- 6.12.8.2. The external specialists should have professional indemnity cover and will be remunerated per sitting.
- 6.12.8.3. The BSC must compile the specifications for the procurement of goods and ToR for services by DTPC. A standing BSC (across each specialist area) should be created to address the procurement of :
- Build environment;
  - IT goods and services;
  - Specialised equipment and services; and
  - General goods and services.
- 6.12.8.4. The BSC must identify and develop the relevant functional criteria and evaluation methodology for the bid, which shall be included in the bid document.



6.12.8.5. In order to ensure consistency of the bid documentation, the independent quality control specialist should be sourced from one service provider with multiple resources resulting in quicker turnaround times.

6.12.8.6. Specifications –

- Must be drafted in an unbiased manner.
- 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 with which the equipment or material or workmanship should comply;
- May not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, 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; and
- Must be approved by BAC prior to publication of the invitation for bids.

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

6.12.8.8. An official from the SCM Unit must be made available to render the secretariat function for the BSC meeting.

### **6.12.9. Bid Evaluation Committee (BEC)**

6.12.9.1. The Standing BEC must:

- Verify the compliance assessment results.
- Check that a duly completed and signed confidentiality undertaking, declaration of interest, declaration of bidders past SCM practices and certificate of independent bid determination have been submitted as well as all other requirements stipulated in the bid document.
- Evaluate each bidder's ability to execute the contract. This must be done according to functional criteria and evaluation methodology reflected in the bid document.
- Submit to the BAC a report and recommendations regarding the award of the bid or any other related matter.
- Make known to the BAC any deviation, amendment or alternatives proposed by the recommended bidder.

6.12.9.2. The CEO must establish a standing BEC. Should a member declare a conflict of interest at any stage, the member may no longer form part of the BEC and must be replaced by a member of suitable expertise.

6.12.9.3. The BEC must be cross-functional and must be composed of at least five members including:

- 6.12.9.3.1. Internal DTPC Chairperson (standing)
- 6.12.9.3.2. One SCM representative (standing)
- 6.12.9.3.3. One external specialist with suitable legal expertise (standing);
- 6.12.9.3.4. One external specialist with suitable financial expertise (standing); and
- 6.12.9.3.5. One representative from the user department;

A standing deputy Chairperson must be duly appointed as an alternative to the Chairperson. Other committee members must have a duly appointed named alternative.

If considered necessary, the CEO or delegate may appoint additional internal or external experts in an advisory capacity only with no voting rights.

6.12.9.4. The external specialists should have professional indemnity cover and will be remunerated per sitting.

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

6.12.9.6. Where an external consultant is invited to be a member of the BEC such consultant must declare any interest or family relations or friendships, business associates/ sub-contracting/ partnerships/ joint venture with any of the prospective contractors/service providers.

6.12.9.7. An official from the SCM Unit must be made available to render the secretariat function for the BEC meeting.

#### **6.12.10. Bid Adjudication Committee (BAC)**

6.12.10.1. The BAC must:

- consider the report and recommendations of the BEC;
- make a final award/make a final award for approval by the CEO/EXCO/Board based on the levels of authority contained in the DTPC DoA;
- approve any deviations, amendment or alternatives proposed by the recommended bidder; and
- approve contract variations in line with the DTPC DoA.

If the BAC decides not to make the final award, then it should provide another recommendation to the CEO on how to proceed with the relevant procurement.

6.12.10.2. The BAC must assess the process followed in making the recommendation to ensure that the SCM Policy has been complied with in full. It must therefore ensure that:

- All necessary bid documents have been submitted.
- Disqualifications are justified and that valid and accountable reasons/motivations were furnished for passing over of quotes/bids.
- Scoring, as applicable, has been fair, consistent and correctly calculated and applied in line with the relevant PPPFA scoring system.

- Bidders' declarations of interest have been taken cognisance of.
  - All bidders confirmed that they were not involved in any form of collusive bidding (or bid rigging).
- 6.12.10.3. The BAC must consist of at least four senior officials of DTPC which must include:
- The CFO; as the Chairperson (unless it is impractical to do so);
  - The senior officials of DTPC; and
  - Where practical, at least one senior Supply Chain Management practitioner who is an official of DTPC;
- 6.12.10.4. A technical expert in the relevant field may be invited to the award committee as a co-opted member in an advisory capacity.
- 6.12.10.5. If the Chairperson is absent from a meeting, the members of the committee who are present must elect one of the members to preside at the meeting.
- 6.12.10.6. Neither a member of a BEC, nor an advisor or person assisting the evaluation committee, may be a member of BAC/EXCO/Board when that specific requirement is being discussed.
- 6.12.10.7. No advisor may form part of the final decision-making process.
- 6.12.10.8. The BAC may only proceed if at least sixty percent (60%) of its members are present (quorum).
- 6.12.10.9. The CEO may second another senior official to temporarily replace members that are absent due to illness, leave, etc. The CEO will also decide whether or not such secondees will have the same powers as members, in line with the SCM prescripts.
- 6.12.10.10. If the BAC does not agree with the recommendation of the BEC, such recommendation must be returned to the BEC for reconsideration. If consensus cannot be reached between the BEC and BAC, the case shall be referred to the CEO for a decision.
- 6.12.10.11. An official from the SCM Unit must be made available to render the secretariat function for the BAC meetings.
- 6.12.10.12. The award must be made available on DTPC website and the government tender bulletin and where practical, also other media where the bids were advertised.
- 6.12.10.13. If the BAC (or the Board) decides to award any bid other than that recommended by the BEC (as envisaged by section 2 (1) (f) of the PPPFA) this needs to be reported to Provincial and National Treasury and the Auditor-General within ten working days.
- 6.12.10.14. All members of the committee are jointly and severally liable for the decisions that are made by their respective committees.

### **6.13. Appointment of Consultants**

6.13.1. The CEO may procure consulting services provided that any Treasury Guidelines in respect of consulting services are taken into account when such procurements are made.

6.13.2. Consultancy services must be procured through competitive bids if

- The value of the contract exceeds R500,000 (including VAT); and/or
- The duration period of the contract exceeds one year.

6.13.3. In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of all consultancy services provided to the DTCP during the last five years.

6.13.4. The CEO must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, system or process designed or devised, by a consultant in the course of the consultancy service is vested in DTCP.

### **6.14. Deviation from and ratification of procurement process**

6.14.1. The CEO/Accounting Authority may in terms of Treasury Regulations 16A.6.4 dispense with the official procurement processes and procure required goods or services which may include direct negotiations, but only:

- In cases of urgency or emergency;
- If such goods or services are produced or available from a single provider only; and
- In any other exceptional case where it is impossible or impractical to follow the official procurement processes (Provincial Treasury approval required).

6.14.2. The reasons for deviating from compliance with the competitive bidding system must be recorded and approved by the CEO. A list of all deviations must be presented to the Audit and Risk Committee (as delegated by the Board) on a quarterly basis.

6.14.3. The CEO may ratify any minor breaches of the SCM processes by an official or committee acting in terms of delegated powers which are purely of a technical nature.

6.14.4. The CEO must report, within ten days, the reasons for any deviations in excess of R500,000 (including VAT) to Provincial Treasury and the Auditor-General.

### **6.15. Urgent and emergency cases**

#### **6.15.1. Urgency**

6.15.1.1. Urgent procurement occurs in cases that were not previously known and could therefore not have been planned for. Confirmation that the urgency of the particular requirement is not due to poor, or lack of planning, must be certified on senior management level at the time of authorisation for procurement.

6.15.1.2. For certified urgent cases competitive bidding may be disposed of. Irrespective of the amount involved the requirement may be satisfied by obtaining at least three written price quotations from the list of prospective suppliers.

6.15.1.3. All supporting information with the written authorisation for procurement must be submitted to SCM Unit within seven days of the urgent event taking place. All reasons for the deviation must be clearly documented for the user department in the deviation memo to be approved by both their executive and the CEO.

### **6.15.2. Emergency**

6.15.2.1. Emergency occurs in urgent cases where there is a possibility of loss of life, or misery or want. In cases of emergency one written quotation may be obtained preferably from the list of prospective suppliers. Verbal authorisation to proceed may be given by the CEO, provided that all supporting documentation is submitted together with the written authorisation for procurement to the SCM Unit as soon as possible, but definitely within 48 hours of order. The reasons for the emergency must be investigated and a report must be attached to the authorisation.

### **6.15.3. Cancellation and re-invitation of tenders**

6.15.3.1. In the event that, in the application of the 80/20 or 90/10 preference point system as stipulated in the tender documents, all tenders received exceed the estimated Rand value for the stipulated preference point, the tender invitation must be cancelled.

6.15.3.2. If one or more of the acceptable tenders received are within the prescribed threshold for the stipulated preference point, all tenders must be evaluated according to the preference point stipulated in the tender document.

6.15.3.3. Tenders may be cancelled in any one or more of the following events:

- Due to changes within the operational requirements of DTPC, there is no longer a need for the goods or services specified in the invitation;
- Funds are no longer available to cover the total envisaged expenditure;
- No acceptable bid has been received;
- There is a material irregularity in the tender process; and
- There is a material irregularity or a gross error in the bid invitation documents.

6.15.3.4. DTPC may only with the approval of the KZN Provincial Treasury cancel the tender invitation for a second time.

6.15.3.5. A decision to cancel the tender will be advertised in all respected media that the original advert was placed.

### **6.15.4. Evaluation process**

- 6.15.4.1. The first stage of evaluation is the minimum compliance check that must be executed. This check must be in line with the bid document requirements.
- 6.15.4.2. Where a procurement has a pre-qualification criteria (as per the PPPFA regulations, 2017), this must be assessed as part of compliance assessment.
- 6.15.4.3. Where local content is applicable all responses received must be evaluated in terms of the circular for the applicable sector. Only those responses that meet the threshold requirements may be further evaluated.
- 6.15.4.4. Compliant bidders must then be evaluated on functionality if the bid is to be evaluated using evaluation methodology and the functionality criteria. Only bidders achieving the prescribed minimum qualifying score for functionality may be further evaluated.
- 6.15.4.5. The final stage for evaluation will be calculation of a score for price and B-BBEE status level of contributor according to the formulae and instructions in the PPPFA. A bid must not be disqualified if the bidder does not submit a certificate substantiating the B-BBEE status level of contribution or is a non-compliant contributor, but must only score 0. The highest combined score will determine the potential successful bidder.

#### **6.15.5. Evaluation of bids scoring equal points**

- 6.15.5.1. When two or more offers have scored equal total points, the successful bid must be the one scoring the highest number of preference points for B-BBEE as stated in part 3,11(5)(a) of the PPPFA Regulations.
- 6.15.5.2. However, when functionality is part of the evaluation process and two or more bids have scored equal points including equal preference points for B-BBEE, the successful tender must be the one scoring the highest score for functionality.
- 6.15.5.3. Should two or more offers still be equal in all respects, the award shall be decided by the drawing of lots in accordance with the delegated powers.

#### **6.15.6. Award based on points**

- 6.15.6.1. The award of a bid should be awarded to the bidder who scored the highest total number of points for price and B-BBEE contribution level combined.
- 6.15.6.2. Should a quote/bid not be awarded to the highest scorer, DTPC should, within seven working days, in writing, notify the Auditor-General and the relevant Treasury, and the designated department of the reasons for deviating. This is applicable to all quotes/bids that exceed R30 000 only.

- 6.15.6.3. DTPC must, prior to award, verify the tax clearance certificate submitted by the potential contractor at any SARS branch office countrywide or use CSD and SARS system. Such verification should be recorded for audit purposes.
- 6.15.6.4. It must also be verified that the potential contractor's name or those of its directors, do not appear on the National Treasury's database of Restricted Suppliers (for bids in excess of R10 000) or on the Register for Tender Defaulters as companies, directors or persons prohibited from doing business with the public sector. This is effective from the implementation of this policy.

## **6.16. Unsolicited Bids**

- 6.16.1. DTPC is not obliged to consider an unsolicited bid received outside the normal competitive bidding process.
- 6.16.2. In accordance with National Treasury Practice Note 11 of 2008/2009 unsolicited bids may be considered, but only:
- If the need for the product or service by DTPC has been established during its strategic planning and budgeting process; and
  - If the product or service involves a unique innovative concept to project development and management and will be uniquely beneficial to, or have exceptional cost advantages for DTPC.
- 6.16.3. An unsolicited bid shall be issued to the market in order to allow any other interested bidders to bid for the same requirement.
- 6.16.4. The BAC may consider the unsolicited bid and make a recommendation to the CEO.
- 6.16.5. If an unsolicited proposal is received and it is a PPP, DTPC must comply with the requirements of Treasury Regulation 16 and the practice notes relevant hereto. If the unsolicited proposal is not a PPP, DTPC must undertake a comprehensive evaluation of the unsolicited proposal and if it decides to proceed, the DTPC must negotiate an unsolicited proposal agreement with the proponent. Upon receipt of an unsolicited proposal, DTPC must (in writing) notify the National Treasury within ten working days of such receipt.

## **6.17. Subscriptions and Exemptions**

- 6.17.1. Competitive bidding shall not apply where it is impractical to apply competitive bidding, where regulatory/statutory rates apply. This shall only apply in the following inimitable circumstances:
- Utility bills;
  - Subscriptions;

- Conferences/ seminars;
- Membership/License fees;
- Payment for assessments and/ or approval of building plans to the Municipality; and
- Further studies through tertiary institutions.

## **6.18. Combating of Abuse of the SCM System**

6.18.1. The CEO must:

6.18.1.1. Investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this SCM policy. The available dedicated telephone line must be utilised for the anonymous reporting of any form of abuse of the SCM system.

6.18.1.2. Institute disciplinary action against any official who has abused the SCM system and report any suspected criminal behaviour to the SAPS.

6.18.1.3. Take all reasonable steps to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector.

6.18.1.4. Reject any bid from a bidder if their tax matters are not in order.

6.18.1.5. Reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract.

6.18.1.6. Reject the bid of any bidder if that bidder or any of its directors has abused the SCM system of DTPC.

6.18.1.7. Inform the National Treasury and KZN Provincial Treasury in writing of any actions taken in terms of this policy.

## **6.19. Logistics Management**

6.19.1. DTPC must implement a logistics management system that provides for the accurate recording, accounting and control of fixed and movable assets in terms of the approved asset management policy as well as for consumable items.

6.19.2. The asset manager shall be responsible for the establishment and management of an appropriate asset register.

## **6.20. Disposal Management**

6.20.1. The CEO must establish an effective system of disposal management for the disposal or letting of assets, including unserviceable, redundant or obsolete assets.



- 6.20.2. The disposal of assets must be by one of the following methods:
- transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
  - transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
  - selling the asset; or
  - destroying the asset.
- 6.20.3. Immovable property may be sold only through a competitive bidding process or the plight of the poor demands otherwise.
- 6.20.4. Movable assets may be sold either by way of written price quotations, competitive bidding process, auction or at market related prices, whichever is the most advantageous.
- 6.20.5. In the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within 30 days whether any of the local schools are interested in the equipment.
- 6.20.6. The letting of immovable state property must be at market-related tariffs, unless Provincial Treasury approves otherwise. No state property may be let free of charge without the prior approval of the Provincial Treasury.
- 6.20.7. All fees, charges, rates, tariffs or scales of fees relating to the letting of immovable property must be reviewed annually.
- 6.20.8. Where assets are traded in for other assets, the highest possible trade-in price must be negotiated.
- 6.20.9. The EXCO serves as the Disposal Committee. Disposal process and outlined in the fixed asset policy must be followed.

## **6.21. Risk Management**

- 6.21.1. All risk within SCM are managed in terms of DTPC's Risk Management Policy and Framework.

## **6.22. Supply Chain Performance Management**

- 6.22.1. The CEO must establish an effective internal monitoring system in order to determine whether the authorised SCM processes were followed and whether the desired objectives were achieved. This includes performance management of contracts concluded.

## **6.23. Prohibition on Awards**

6.23.1. DTPC may not make any award above R30,000 to a person whose tax matters are not approved per CSD.

6.23.2. Before making an award to a person, the responsible official must ensure that a valid tax clearance certificate is in the possession of DTPC or that validity of Tax status is verified on CSD or SARS.

#### **6.24. Ethical Standards**

6.24.1. In the event that an official abuses or does not comply with the SCM Policy, action against the official shall be taken in terms of the disciplinary procedures as outlined in Corporate Policy on Managing Discipline in the Workplace.

6.24.2. Officials and other role players involved in the SCM system:

- Must treat all information as confidential;
- May not use his or her position for private gain or to improperly benefit another person;
- May not accept gifts that are contradictory to the Gift Policy of DTPC;
- Must declare to the CEO details of any private or business interest which any close family member, partner or associate, may have in any proposed procurement process;
- Must immediately withdraw from participating in the procurement process or in the award of a contract in which person, or any close family member, partner or associate, has any private or business interest;
- Must assist the CEO in combating fraud, corruption, favoritism and unfair and irregular practices;
- Must report to the CEO any alleged irregular conduct.

All declarations in terms of 38(e) of the PFMA must be recorded in a register which the CEO must keep for this purpose.

All declarations by the CEO must be recorded in the register and submitted to the Provincial Treasury.

6.24.3. DTPC's Code of Conduct and the National Treasury's Code of Conduct for SCM Practitioners applies to all SCM practitioners.

6.24.4. A breach of the code of conduct shall be dealt with in accordance with DTPC disciplinary procedure.

## **6.25. Irregular expenditure**

- 6.25.1. In terms of Section 54 (1) (g) of the PFMA, and National Treasury Practice Note 4 of 2008/09, DTPC must immediately report all cases of irregular expenditure involving the procurement of goods and services to the National Treasury with effect from, the implementation date of this policy.
- 6.25.2. An irregular expenditure register must be maintained and DTPC must take appropriate disciplinary steps in cases of irregular expenditure.
- 6.25.3. DTPC may forward submissions to the relevant authority to request the condoning of the non-compliance with the PFMA or other legislation respectively where good reasons exist and where steps can be highlighted to avoid reoccurrence of this type of irregular expenditure. In instances where the condoning of the irregular expenditure is not considered relevant or where the relevant authority does not condone the irregular expenditure, immediate steps must be taken to recover the irregular expenditure from the responsible employee, if he/she is liable in law.
- 6.25.4. All officials must forward details of all irregular expenditure incurred to the Finance Division to disclose as a note to the Annual Financial Statements.

## **6.26. Complaints and Queries**

- 6.26.1. Persons aggrieved by decisions taken by DTPC in the implementation of this SCM system may lodge, within five days of the decision or action, a written complaint or query to the CFO against any action of DTPC.
- 6.26.2. The complaint/query must be directed to the CFO and must contain sufficient reasons for the complaint/explain the nature of the query.
- 6.26.3. DTPC shall respond to the complainant/query within five days of the complaint/query.
- 6.26.4. The CFO shall endeavor to resolve the complaint/query within 30 days from the date of receipt of the complaint/query.

## **6.27. Appeals Process**

- 6.27.1. Persons aggrieved by decisions taken by DTPC in the award of a contract may lodge, within five days of the decision or action, a written objection to the CEO/Appeals Committee against the decision or action.

- 6.27.2. The written objection must contain the full basis of the appeal with sufficient representation on the grounds of the appeal.
- 6.27.3. DTPC must respond to the aggrieved party promptly on all objections.
- 6.27.4. The CEO should be delegated to appoint an independent and impartial appeals committee (not directly involved in the Procurement processes of DTPC) to assist in the resolution of disputes between DTPC and other persons regarding its Procurement system.
- 6.27.5. The appeals committee must:
- Strive to resolve all disputes promptly;
  - Submit monthly reports to the CEO on all disputes, attended to or resolved; and
  - Report to the Provincial Treasury if the objection is not resolved within 90 days or no response is received from DTPC within 60 days.
- 6.27.6. If the Provincial Treasury does not or cannot resolve the matter, the objection may be referred to the National Treasury for resolution.
- 6.27.7. This clause must not be read as affecting a person's rights to approach a court of law at any time.

## **6.28. Reporting of Procurement Information**

- 6.28.1. The CFO must submit to the Provincial and the National Treasuries and other stakeholders such Procurement information as the relevant Treasury may require from time to time.

## **6.29. Compliance with Provisions of Construction Industry Development Board Act (CIDB)**

Refer to F3.1 Supply Chain Management Policy for Infrastructure Procurement and Delivery Management.

## **6.30. Public Private Partnerships**

- 6.30.1. DTPC may enter into a public-private partnership agreement, but only if it can demonstrate that the agreement will provide value for money.
- 6.30.2. A public-private partnership must comply with any prescribed regulatory framework for public- private partnerships as per Treasury Regulation 16.
- 6.30.3. The appointment of transaction advisors to assist with the preparation, concluding and/or implementation should be done in accordance with the prescripts of the PPP Practice Note number 4 of 2004.

## **6.31. Access to Information**

6.31.1. Every bidder must be informed of final bid results (for competitive bids)

6.31.2. On written request, any bidder should be provided with the reasons why the bid was unsuccessful.

### **6.32. Procurement Compliance Assessment**

6.32.1. Proposals that do not comply with the bid conditions shall be deemed non-compliant in the procurement process.

6.32.2. Bidders who are found to have completed their declaration of interest untruthfully shall be deemed non-compliant in the procurement process.

6.32.3. Bidders who are found to have completed their standard bidding document (as issued by the National Treasury) untruthfully shall be deemed to be non-compliant in the procurement process.

### **6.33. Termination**

6.33.1. Only the CEO or a duly delegated official may terminate the contract of any supplier, contractor or service provider contracted with DTPC.

## **7. Information and Education**

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### **7.15. Information**

A copy of this policy and procedures should be placed on DubeWorld.

### **7.2. Education**

Education on this policy will be included in the induction for new staff, (Refer to the recruitment policy). A workshop will be held to inform staff of all changes to this policy.

## **8. Monitoring and Enforcement**

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### **8.1. Implementation**

The EXCO has a responsibility for upholding DTPC's policy on SCM. Line Managers and all employees are responsible for complying with the policy.

## 8.2. Monitoring

The CEO or his/her delegated official, must monitor and report on compliance with this policy.

## 8.3. Enforcement

All Executives and Line Managers must ensure that these provisions are strictly complied with. Employees themselves should also ensure that the policy is adhered to and that disciplinary action is taken against officials who do not comply with the policy.

## 9. Records

The records table shall contain the following information:

Record Name	Location	Responsibility	Retention Period	Disposal
SCM Policy	Board Store Room; and Dube World	Company Secretary	Indefinite	Indefinite

## 10. Version History

Indicates the major changes that have been made to the document over its lifetime:

Date	Version No.	Nature of Change
01/04/2017	5	Major Review.