



the dr&pw

Department:
Roads and Public Works
NORTHERN CAPE PROVINCE
REPUBLIC OF SOUTH AFRICA

DEPARTMENTAL SUPPLY CHAIN MANAGEMENT POLICY

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1. ABBREVIATIONS AND TERMINOLOGY

AA	Accounting Authority
AO	Accounting Officer
BBBEE	Broad Based Black Economic Empowerment
BEE	Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operations Officer
CSD	Central Supplier Database
GCC	General Conditions of Contract
HDI	Historically Disadvantaged Individual
NCP	Northern Cape Province
PFMA	Public Finance Management Act (Act 1 of 1999, as amended)
PPP	Public Private Partnership
PPPFA	Preferential Procurement Policy Framework Act (Act 5 of 2000)
RFP	Request for Proposal
SAPS	South African Police Services
SARS	South African Revenue Services
SBD	Standard Bidding Document
SCM	Supply Chain Management
SITA	State Information Technology Agency
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprise
TOR	Terms of Reference
VAT	Value Added Tax

2. DEFINITIONS

Acceptable Bid	means any bid which, in all respects, complies with the specifications and bid conditions. Also referred to as a "Responsive Bid"
Accounting Officer	means a person mentioned in section 36 of the Public Finance Management Act (29: 1999);
Accounting Authority	means a body or person mentioned in section 49 of the Public Finance Management Act (29: 1999);
Asset	means a resource that we controlled by an institution as a result of past events and future economic benefits or service potential are expected to flow to the institution.
Business Interest	means a) A right or entitlement to share in profits revenue or assets of an entity b) A real or personal right in property c) A right to remuneration or any private gain or benefit (a) to (c)
Bid	means a written offer in a prescribed or stipulated form in response to an invitation by an institution for the provision of goods or services through formal written price quotations
Bidder	means any natural or legal person submitting a bid
Competitive Bidding Process	means a competitive bidding process which provides for appropriate levels of competition to ensure cost effective and best value outcomes.
Contract	Means a formal written agreement which results from the acceptance of a bid;
Contract Participation Goal	is the value of the participation of a specific target group that a contractor must achieve in the performance of a contract, expressed as a percentage of the bid sum less provisional sums, contingencies and VAT;
Contractor	Means any natural or legal person whose bid has been accepted.
Contract Management	Means maintaining control or influence over the contractual arrangements between the institution and the contractor or service provider including administering and regulating such agreement;
Demand management	Means the planning process that ensures that the resources required to support the strategic objectives are delivered at the correct time, at the right price, location, quantity and quality that will satisfy the needs.
Debt	means an amount owing to the institution
Department	means a national or provincial department;
Emergency	Mean; an unexpected act of a dangerous situation requiring immediate action

Final Award	in relation to bids or quotations submitted for a contract, means the final decision on which a bid or quote is accepted;
Formal Written Price Quotations	means quotations referred to in paragraph C(ii) of this policy;
Financial System	mean transversal system Basic Accounting System (BAS) and Logistical Information System (Logis) or such other system as approved by National Treasury
Functionality	Means the measurement according to predetermined norms, as set out in the bid documents, of a service or commodity that is designed to be practical and useful, working operating into account, amongst other factors, the quality, reliability, viability and durability of a service or commodity and the technical capacity and ability of a bidder;
In the service of the State	means to be-
	<p>(a) a member of-</p> <ul style="list-style-type: none"> (i) any provincial legislature; (ii) any municipal council or (iii) the National Assembly or the National Council of Provinces; <p>(b) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act no. 1 of 1999);</p> <p>(c) a member of the accounting authority of any public entity; or</p> <p>(d) an employee of a provincial legislature.</p>
Historically Disadvantaged Individual	<p>Means a South African citizen –</p> <ul style="list-style-type: none"> • who had no franchise in national elections prior to the introduction of the Constitution of the Republic of South Africa, 1983 (Act No 10 of 1983) or the Constitution of the Republic of South Africa, 1993 (Act No 200 of 1993) (“the Interim Constitution”); and/or • who is a female; and/or • who has a disability; <p>Provided that a person, who obtained South African citizenship on or after the coming into effect of the Interim Constitution, is deemed not to be an HDI.</p>
List of Accredited Prospective Providers or Central Supplier Database	means the list of accredited prospective providers or suppliers registered on the central supplier database by National Treasury
Local Content	means that portion of the bid price which is not included in the imported content, provided that local manufacture does take place;
long term contract	means a contract with a duration period exceeding one year;
MEC	means the Member of an Executive Council of a province responsible for Roads

	and Public Works in the province;
Multiple Source Bidding	Means a form of bidding where the market has been tested through a detailed market analysis, and there are only a few prospective service providers that are able to provide the service
National Treasury	means the National Treasury established by section 5.
Other Applicable Legislation	means any other legislation applicable to provincial supply chain management refer to Chapter 1 paragraph 2.1,
Prescribe	means prescribe by regulation or instruction in terms of section 76;
Provincial Department	means- a provincial administration listed in Schedule 1 of the Public Service Act, 1994; or a department within a provincial administration and listed in Schedule 2 of that Act;
Provincial Government Business Enterprise	<p>means an entity which-</p> <ul style="list-style-type: none"> (a) is a juristic person under the ownership control of a provincial executive; (b) has been assigned financial and operational authority to carry on a business activity; (c) as its principal business, provides goods or services in accordance with ordinary business principles; and (d) is financed fully or substantially from sources other than- <ul style="list-style-type: none"> (i) a Provincial Revenue Fund; or by way of a tax, (ii) levy or other statutory money;
Provincial Public Entity	<p>" means-</p> <ul style="list-style-type: none"> (a) a provincial government business enterprise; or (b) a board, commission, company, corporation, fund or other entity (other than a provincial government business enterprise) which is- <ul style="list-style-type: none"> (i) established in terms of legislation or a provincial constitution; (ii) fully or substantially funded either from a Provincial Revenue Fund or by way of a tax, levy or other money imposed in terms of legislation; and (iii) accountable to a provincial legislature;
Provincial Treasury	means a treasury established in terms of section 17;
Public Entity	means a national or provincial public entity;
Rate Only Bid	means a rates-based bid for the supply of goods and services;

Regulation	means the Regulations published in terms of the Public Finance Management Act, 1999, Gazette Number 25767 dated 05 December 2003;
Term Contract	Means a bid for supply of goods and services which are of an ad-hoc or repetitive nature approved for use over a predetermined period of time;
Transversal Contract	means a contract arrange for more than one department or for more than one level of government e.g. national as well as provincial government;
Treasury	means the National Treasury or a provincial treasury, as may be appropriate in the circumstances;
Treasury Guidelines	means any guidelines on supply chain management issued by the Minister in terms of section 76(4)© of the Public Finance Management Act, Act 29 of 1999;
Quotations	means verbal or written prices offers;

3. BACKGROUND

In September 2003 Cabinet adopted the Supply Chain Management (SCM) policy to replace outdated procurement practices. The SCM framework is characterised by a number of key differences from procurement including:

- moving away from central control by National Treasury and the State Tender Board towards increased responsibility and accountability by the accounting officer of each department;
- introducing a preference point system to address socio-economic issues, value for money and the scoring of bids thereby facilitating the move away from relying solely on the traditional practice of only accepting the lowest price bid;
- introducing uniformity in bid documentation to reduce the uncertainty amongst bidders; and
- linking procurement practices to the planning and budgetary process through the introduction of demand management practices;

4. INTRODUCTION

4.1 The purpose of this document is to formalise the Department's supply chain management policy within the context of the Supply Chain Management Regulation 16A which will be brought into effect through the policy framework consisting of the following three components:

- Directives, which provide specific direction on supply chain management and key decision points.
- Delegations, which assign specific responsibilities to DRPW role-players in terms of section 38(1)(4) of the PFMA.
- Business processes, which align the department's day to day's procedure with the overall requirements of the policy, directives and delegations.

4.2 This Supply Chain Management Policy represents the minimum standards that staff members are expected to apply in their procurement activities. The Manual must be read together with and shall be interpreted within the framework of the Supply Chain Management Policy and other policies and procedures. The overall objective of this policy and procedure manual is:

- 4.1.1 To ensure the efficient, effective and uniform planning for and procurement of all services and goods, required for the proper functioning of the department as well as the sale and letting of assets that conforms to constitutional and legislative principles whilst developing, supporting and promoting historically disadvantaged individuals, small, medium and micro enterprises (SMME's) and preferential goals.
- 4.1.2 To ensure the efficient, effective and uniform management of goods and services.
- 4.1.3 The must ensure good governance through its supply chain processes.
- 4.1.4 To ensure that the department's strategic objectives are achieved.

5. RELEVANT LEGISLATION

The Northern Cape Provincial Government (NCPG) resolved in terms of Section 76 4(c) of the Public Finance Management Act (PFMA), 1999 and Chapter 16A of Treasury Regulations, promulgated in Government Gazette Number 27388 on 15 March 2005, to implement a Supply Chain Management (SCM) Policy that gives effect to:-

- 5.1 section 217 (1) of the Constitution;
- 5.2 section 38 (a) (iii) of the Public Finance Management Act (PFMA); and
- 5.3 the Preferential Procurement Policy Framework Act (PPPA), 05 of 2000 and its Regulations;
- 5.4 that is fair, equitable, transparent, competitive and cost effective and complies with:
 - 5.4.1 Prescripts as per Chapter 16A of Treasury Regulations;
 - 5.4.2 Minimum Norms and Standards prescribed by National Treasury as well as the Northern Cape Provincial Treasury; and
 - 5.4.3 Regulatory Framework for Supply Chain Management (SCM) in terms of PFMA, 1999.
- 5.5 is consistent with other applicable legislation:
 - 5.5.1 Broad Based Black Economic Empowerment Act (BBBEE);
 - 5.5.2 Corruption Act, 1998 – anti-corruption measures and practices;
 - 5.5.3 Competition Law and Regulations;
 - 5.5.4 Promotion of Administrative Justice Act, 2000;
 - 5.5.5 National Archives of South Africa Act, 1996;
 - 5.5.6 The National Small Business Act.
- 5.6 is also consistent with other Policy objectives;
- 5.7 does not undermine the objective of uniformity in Supply Chain Management (SCM) does systems between organs of state in all spheres.
- 5.8 The Northern Cape Department of Roads and Public Works may not act in contravention with the Provincial Supply Chain Management (SCM) Policy when:
 - acquisitioning goods or services;
 - disposing of redundant, unserviceable or obsolete assets;
 - letting of immovable state assets;
 - appointment of consultants as per prescripts and in line with Department of Public Service Administration (DPSA) rates.

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

6.1 The Accounting Officer shall delegate appropriate powers and duties to the Chief Financial Officer as to enable the latter to re-delegate appropriate powers and duties to the Head of Supply Chain Management (SCM) to:

Discharge the Supply Chain Management (SCM) responsibilities conferred to his/her in terms of:

- Maximize administrative and operational efficiency in the implementation and execution of the departmental Supply Chain Management (SCM) Policy.
- Enforce cost-effective measures for the prevention of fraud, corruption, favouritism, unfair and irregular practices in implementing and executing of the Supply Chain Management (SCM) Policy.
- ensure all Supply Chain Management (SCM) practitioners as well as Specification-, Evaluation- and Adjudication Committee members agree in writing to adhere to the prescribed Code of Conduct for SCM practitioners in all respects
- all delegations must be done in writing and revised annually by the Accounting Officer, Chief Financial Officer and Head of Supply Chain Management. (Refer to departmental Financial and Procurement Delegation (Annexure B))

6.2 The AO- and CFO shall not delegate or sub-delegate any Supply Chain Management (SCM) Powers or Duties to a person who is not an official of the Department of Provincial Northern Cape Department of Roads and Public Works or to a committee that is not exclusively composed of officials in the employ of the Department of Roads and Public Works. No Supply Chain decision-making powers may be delegated to an advisor or consultant.

- All SCM activities shall be executed in accordance with pre-established levels of authority through delegations to ensure control and division of responsibility.
- Acting delegations shall be in writing to a specific individual or the holder of a post.
- A delegation shall be subject to such limitations and conditions as the AO may impose in a specific case.
- A delegation may only be revoked by the person who approved the delegation in the first place or any higher authority.
- The AO is entitled to confirm, vary or revoke any decision taken in consequence of a delegation by such lower authority, provided that no such variation or revocation of a decision should detract from any rights that may have accrued as a result of the decision.

* (Refer to departmental Financial and Procurement Delegations)

7. SUPPLY CHAIN MANAGEMENT FRAMEWORK

Supply chain management framework should be read in conjunction with departmental Standard Operating Procedure Manuals for SCM, Assets and Inventory.

7.1 Demand Management

- 7.1.1 In order to ensure that the resources required to support the strategic and operational commitments are delivered at the correct time, at the right price and at the right location, and that the quantity and quality satisfy the needs, an effective system of demand management must include the following:
- 7.1.2 Planning for future requirements. Acquisition and disposals of all goods required to meet the strategic goals outlined in the Strategic Plan and must be quantified, budgeted and planned for to ensure timely and effective delivery, appropriate quality at a fair cost to meet the needs of the department and the community. Critical delivery dates must be determined and adhered to.
- 7.1.3 If the requirement is of a repetitive nature and there are benefits of economies of scale a contract for a specific commodity should be arranged.

7.2 Acquisition Management

- 7.2.1 Through operational procedures, an effective system of acquisition management is established in order to ensure –
- 7.2.2 that goods and services are procured by the department in accordance with authorised processes only;
- 7.2.3 that expenditure on goods and services is incurred in accordance with the approved budget and in terms of the PFMA;
- 7.2.4 that the threshold values for the different procurement processes are complied with;
- 7.2.5 that bid documentation, evaluation and adjudication criteria and general conditions of a contract are in accordance with any applicable legislation; and
- 7.2.6 that any Treasury guidelines on acquisition management are properly taken into account.

7.3 Logistics Management

- 7.3.1 This aspect addresses receiving and distribution of placed orders, expediting orders and reviewing of vendor performance. From these processes, the financial system is activated to generate payments.
- 7.3.2 An effective system of logistics management must include the following:
 - a) monitoring of spending patterns on types or classes of goods and services which should where practical incorporate the coding of items to ensure that each item has a unique number for the purposes of monitoring;
 - b) setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock. The concept of just-in-time delivery should be seriously considered;
 - c) placing of manual or electronic orders for all acquisitions other than petty cash;
 - d) before payment is approved, a certification from the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted / in terms of a contract;
 - e) appropriate standards of internal control and warehouse management to ensure goods placed in stores are secure and only used for the purpose they were purchased;
 - f) regular checking to ensure that all movable assets excluding official vehicles are

properly managed, appropriately maintained and only used for official purposes; and
g) monitoring and review of the supply vendor's performance to ensure compliance with specifications and contract conditions for a particular good or service.

7.3.3 Stocktaking of all assets in stock or on distribution should be conducted at least once a year. In addition to the above, refer to the Inventory Policy.

7.4 Disposal Management

7.4.1 At this stage consideration is given to maintaining a database of redundant material, inspecting material for potential re-use. Determining a disposal strategy and executing the physical disposal process.

7.4.2 The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to Treasury Regulation 16A7, are as follows:

- Movable assets:
 - the asset is uneconomical to repair;
 - the asset is irreparable;
 - the relevant department has no further use for the asset; and
 - no other department requires the asset.

- Immovable assets:
 - the relevant department has no further use for the asset;
 - no other department requires the asset;
 - a member of the public wishing to acquire the asset can utilize the asset to the advantage of the community; and
 - were created specifically for sale or rental to public.

7.4.3 The disposal of assets must- be by one of the following methods:

- i) transferring the asset to another organ of state in terms of section 42 of the Act enabling the transfer of assets;
- ii) transferring the asset to another organ of state at market related value or, when appropriate for a lesser amount or free of charge;
- iii) selling the asset; or
- iv) destroying the asset;
- v) provided that –
- vi) immovable assets may be sold at not less than market related prices except when the public interest or the plight of the poor demands otherwise, by means of public tenders, public auction or over the counter on a first come first serve basis;
- vii) movable assets may be sold either by way of written price quotations, public tenders, public auction whichever is the most advantageous;
- viii) in the case of the disposal of computer equipment, any state institution involved in education or training must first be approached to indicate within 30 days whether they are interested in the equipment in which case it may be transferred to that institution free of charge; and
- ix) furthermore ensure that –

- x) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed; and
- xi) where assets are traded in for other assets, the highest possible trade-in price is negotiated and the new items should be reflected at the actual value on the asset register.

7.5 Risk Management

7.5.1 The criteria for the identification, consideration and avoidance of potential risks in the SCM system, are as follows –

- non-compliance by the supplier to deliver within the agreed timeframes;
- supply of inferior goods or services by the supplier;
- inability of the supplier to provide goods or services as ordered;
- non-adherence to the policy with regards to utilisation of preferred suppliers; and
- procurement of goods or services at prices or of a quality not in the best interest of the department.

7.5.2 Risk management must include –

- the identification of risks on a case-by-case basis;
- the allocation of risks to the party best suited to manage such risks;
- acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
- the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
- the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

7.6 Performance Management

7.6.1 The CFO must ensure that an effective internal monitoring system is implemented in order to determine, on the basis of a retrospective analysis, whether the authorised SCM processes were followed and whether the measurable performance objectives linked to and approved with the budget and the service delivery and budget implementation plan, were achieved.

7.6.2 The relevant manager must ensure that the performance of all contractors is assessed during the period of the contract.

7.6.3 At the completion stage of the contract, an assessment of the contractor shall be undertaken and this assessment should be available for future reference.

7.6.4 The CFO shall report quarterly to the MANCO on the following aspects:

- (i) Total procurement spend.
- (ii) Percentages of total spend directed towards designated groups.
- (iii) Percentage of total spend directed towards SMME's.
- (iv) Information required regarding urgent/emergency procurement processes followed.
- (v) Process disputes.
- (vi) Instances of alleged and proven fraud or corruption.

- (vii) Information regarding deviation processes followed. Examples of such processes are:
- Non-utilisation of the provider list.
 - Subdividing of total requirements.
 - Unplanned spending and obtaining less than the required number of quotes.
 - Procurement Plan Activities

7.6.5 The CFO shall submit reports to Provincial Treasury in respect of each contract above the value of R100 000 (VAT Included) concluded during that month within 15 days of the end of each month.

8. ACQUISITION PROCESSES AND THRESHOLD VALUES

8.1 General preconditions for consideration of written quotations or bids

- 8.1.1 A written quotation or bid may not be considered unless the provider who submitted the quotation or bid has furnished that provider's –
- xii) full name;
 - xiii) identification number or company or other registration number; and
 - xiv) SARS e-filing pin number and Central Supplier Database number;

8.2 Petty cash purchases /Telephonic quotations

The conditions for the procurement of goods up to R2 000,00 (VAT included) may be done by means of verbal quotations.

9. VERBAL PRICE QUOTATIONS

- 9.1 Verbal price quotations may be requested for the procurement of goods and services below R 2000.00 (VAT included). Verbal request for quotations are usually not accompanied by specifications and conditions and may be requested telephonically. The date of submission and address where it must be submitted to in writing, must be indicated when the request is made telephonically.
- 9.2 Where no suitable providers are available from the CSD, quotations may be obtained from other possible providers not on the list.
- 9.3 The successful quotation must be confirmed per facsimile or per e-mail as the order may only be placed against written confirmation from the selected provider. It therefore makes business sense to ask all the providers to confirm their quotes in writing, even though the information may not be detailed. This would avoid having to record the information given by the provider over the phone.

10. WRITTEN PRICE QUOTATIONS

- 10.1 The conditions for the procurement of goods or services through written price quotations, are as follows-
- (i) Above R2000.00 quotations must be obtained in writing from at least three (3) different suppliers/service providers whose names appear on National Treasury Central Supplier Database (CSD) for accredited suppliers/service providers and Departmental List of Registered Professional Service Providers.

- (ii) that quotations may be obtained from suppliers/service providers who are not listed, provided that they are registered on CSD before the order is finalised (refer to NT Instruction Note 4A of 2016/2017 par 3.4)
- (iii) If it is not possible to obtain at least three (3) quotations, reasons shall be recorded, the AO or delegated official's approval must be sought for continuation with the transaction. A monthly report on all cases referring to the above must be submitted to the Accounting Officer and Provincial Supply Chain Management (SCM) before the 15th of the next month.
- (iv) For all acquisitions of goods and services, the tax matters of the supplier should be in order before the Order/ or appointment is approved. Supplier should be notified about none compliance with Tax, and be given at least seven days (07) days to sort out tax matters.
- (v) All formal written quotations above R2000. 00 prescribed quotation forms must be utilised (NCP4, NCP8 and NCP9) or full standard bid document.
- (vi) All acquisitions in excess of R30 000.00 (including VAT) per case the written quotations must be adjudicated in terms of the preferential point system (80/20 principle).
- (vii) When using the ALL Accredited List of Supplier (CSD) and Professional Service providers; ongoing competition amongst suppliers must be promoted, and the principle of a rotation basis shall be applicable.
- (viii) Target procurement will apply for all acquisition less than R500 000.00 targeting the following designated groups within the Northern Cape Province;

An EME or SQ

- **which is at least 51% owned by black people**
- **51% owned by black people who are youth**
- **51% owned by black people who are women**
- **black people living in rural or under developed areas**
- **black people who are military veterans**

11. COMPETITIVE BIDS

- 11.1 Goods or/and services above a transaction value of R 500 000 (VAT included) and long term contracts may only be procured through a competitive bidding process; and
- 11.2 No requirement for goods or services above an estimated transaction value of R 500 000 (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.
- 11.3 Bids in excess of R30 000 000. 00 (VAT included) where feasible must sub-contract 30%(VAT included) of the contract value to the following designated groups within:

An EME or SQ-

- **which is at least 51% owned by black people**
- **51% owned by black people who are youth**
- **51% owned by black people who are women**
- **51% owned by black people living in rural or under developed areas**
- **51% owned by black people who are military veterans**

- 11.4 Bids must at least be advertised in the Government Tender Bulletin and Etenders.

- 11.5 Either Provincial Supply Chain Management (SCM) or National Treasury will arrange transversal contracts. The Department of Roads and Public Works shall respond to a formal invitation to indicate whether it wants to participate or not.
- 11.6 Goods and services may not be purposely subdivided to ensure a lesser value merely to avoid compliance with the requirements of the Policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.
- 11.7 Bid documentation are as per National and/Provincial prescripts
- 11.8 The preference point system used in accordance with Revised Preferential Procurement Policy Regulations of 2017 Implementation of the Revised Preferential Procurement Regulations, utilizing B-BBEE status level verification certificates to claim preference points.
- 11.9 Bids in excess of R30 000. 00 less than R50 million the 80/20 preferential point system will be applicable for evaluation and adjudication and for Bids in excess of R50 million the 90/10 preferential point system will be applicable for evaluation and adjudication.
- 11.10 If the value of the transaction is estimated to exceed R10 million (VAT included), bidders shall be required to furnish:
- annual financial statements for auditing, their audited annual financial statements for the past three (3) years; or
 - since their establishment - if established during the foregoing three (3) years;
 - a certificate signed by the bidder certifying that the bidder has no undisputed commitments towards other service providers in respect of which payment is overdue for more than 30 days;
 - particulars of any contracts awarded to the bidder by any other organ of state during the foregoing five (5) years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic and, if so, what portion of the payment is expected to be transferred out of the RSA - informing the Department of Trade and Industry.
- 11.11 Contracts relating to Information Technology (IT) are prepared in accordance with the State Information Technology Act, (Act 88 of 1998) and any regulations made in terms of that Act.
- 11.12 Treasury Regulations 16 is complied with when goods or services are acquired through public private partnerships or as part of public private partnerships.
- 11.13 Instructions issued by National- and Provincial Treasury in respect of the appointment of consultants shall be complied with as well as remuneration norms and standards set out in the Department of Public Service Administration's (DPSA) guidelines.
- 11.14 In the event of a particular case where it is impractical to invite competitive bids, the Accounting Officer may acquire the required goods or services by other means. Reasons for deviating from inviting competitive bids must be recorded for audit purposes.
- 11.15 The AO may participate in transversal term contracts facilitated by National- or Provincial Treasury. When participating in such contracts the AO of the Department of Roads and Public Works may not solicit bids for the same or similar product or service during the tenure of the transversal term contract.
- 11.16 The AO of the Department of Roads and Public Works participate in any contract arranged by means of a competitive bidding process by any other organ of state, subject to the written approval of such organ of state and the relevant contractors.
- 11.17 All bids must be deposited at closing date and time in a bid box availed and accessible to the public. Bids must be submitted in a sealed envelope with the bid number and -description on the envelope.

Bids received after closing time will be handled as late. Time for closure will be aligned with official Post Office time.

12. COMPILATION OF BID DOCUMENTATION

12.1 Bid documentation for competitive bids

12.1.1 The criteria to which bid documentation for a competitive bidding process comply, must –take into account –

- (i) the general conditions of a contract;
- (ii) any treasury guidelines on bid documentation; and

12.1.2 include evaluation and adjudication criteria, including any criteria required by other applicable legislation;

12.1.3 compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;

12.1.4 if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish-

- (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
 - for the past three years; or
 - since their establishment if established during the past three years;
- (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for the department services towards the other service provider in respect of which payment is overdue for more than 30 days;
- (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;
- (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the department is expected to be transferred out of the Republic; and
- (v) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), arbitration or, when unsuccessful, in a South African court of law.

12.1.5 Contracts relating to information technology are prepared in accordance with the State Information Technology Act, 1998 (Act No. 88 of 1998);

12.1.6 Specifications or terms of reference, need to include the following, where applicable:

- (i) Description of the requirement.
- (ii) Background.
- (iii) Objective of the project, where applicable.
- (iv) Quantity/volume applicable, where applicable.
- (v) Plans and drawings, where applicable.
- (vi) Plans and drawings that reflect the text of the specification. (Please note, that the order of precedence between the drawings and the specifications should be specified.) , where applicable.
- (vii) Minimum performance requirements.
- (viii) Expected outcomes/deliverables.

- (ix) Evaluation criteria including the ratio of points as applicable and the quantification thereof.
- (x) The particulars pertaining to the goal to be met, where applicable.
- (xi) The delivery date(s), place(s) of delivery and/or the contract period applicable. In the case of period contracts a period of time for completion of the contract must always be prescribed in the relevant bid documents.
- (xii) This period of time must also be precisely stated, e.g. "contract period: 24 months". Statements such as "within x months" or "before x months" must not be used.
- (xiii) Schedule for service delivery or completion date.
- (xiv) Shelf life, where applicable.
- (xv) Packaging, where applicable.
- (xvi) Whether installation/erection is required and if affirmative, an indication of the place/address where the installation/erection is to take place.
- (xvii) Whether demonstration/training is required and if affirmative, an indication of the place/address where the demonstration/training is to take place.
- (xviii) Whether a performance guarantee is required. Full particulars, amount and reasons must be given.
 - Performance guarantees should be commensurate with the degree of contractual risk to which the CBE is exposed and are normally applicable to large and complex contracts. Performance guarantees should spread the cost of the risk of failure between the contracting parties and should be set at such a level that all the CBE's costs relating to such failure are likely to be recovered.
- (xix) The warrantee requirement and period applicable.
- (xx) Whether samples must be submitted.
- (xxi) Where samples are to be submitted, the special conditions should state that samples must be submitted not later than the closing time or the date and time specified in the bidding documents.
- (xxii) Budget.
- (xxiii) The most common types of contracts provide for payments on the basis of lump sum prices, unit prices, reimbursable cost plus fees, or combinations thereof.
- (xxiv) 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 Council or the delegate. It is advisable that the reasons and formal approval for following the reimbursable route are recorded for auditing purposes.
- (xxv) Indicate in the case of capital goods, whether foreign export credit facilities should be utilised.
- (xxvi) Competency and expertise requirements.
- (xxvii) Roles assigned to role players, where applicable.
- (xxviii) Reporting requirements, where applicable.
- (xxix) Available documentation pertaining to the specific project, where applicable.
- (xxx) Any other information.

13. INVITATION

13.1 Public invitation for competitive bids

The procedure for the invitation of competitive bids, are as follows:

13.1.1 Bids must be invited by the SCM Unit only after approval for the accuracy of information therein has been obtained from the relevant manager and the Bid Specification Committee.

13.1.2 Any invitation to prospective providers to submit bids must be advertised in the Government Tender Bulletin and e-Tender Portal.

13.1.3 The information contained in a public advertisement, must include –

- (i) The category of supplies, services or disposals involved as provided for in the Government Tender Bulletin.
- (ii) Sufficient detailed description of the requirement, including the contract period applicable.
- (iii) The place of work, installation or delivery.
- (iv) Bid number.
- (v) Closing date and time which may not be less than 21 days from the date on which the advertisement is place
- (vi) Bids may only be invited for a shortened period of fourteen days (14) on approval of the AO.
- (vii) Where bid documents are obtainable from: Including the name of the Institution, street address, postal address, e-mail address, contact person for enquiries, telephone number, facsimile number and office hours (Mondays to Friday) applicable.
- (viii) Whether site meetings, information/briefing sessions are applicable and whether it is compulsory or not. For the Government Tender Bulletin, this information must be incorporated into the description.
- (ix) Where bid documentation must be posted or delivered to: Including the name of the Institution, street address, postal address, and bid box address, contact person for enquiries, telephone number and facsimile number.

13.1.4 The CFO may determine a closure date for the submission of bids which is less than 21 days from the date of advertisement required in terms of the Treasury Regulation, but only if such shorter period can be justified on the grounds of emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

13.1.5 The language of all bids must be in English.

13.1.6 Bids submitted must be sealed.

13.1.6 Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

13.1.7 Availability of bid documents:

- (i) Bid documents must be ready and available before the requirement is advertised.
- (ii) Bid documents may be collected by or may be e-mailed or posted to prospective bidders applicable only on closed bidding process.

13.1.8 Validity period

- (i) The validity period should allow the department sufficient time to finalise the evaluation and award of the quotation/bid.
- (ii) Bids must be valid for at least 90 days from the closing date of the bid.
- (iii) An extension of bid validity, if justified in exceptional circumstances, must be requested in writing from all bidders before the expiry date. The extension should be for the minimum period required to complete the evaluation, obtain the necessary approvals and award the contract.
- (iv) Bids will be cancelled if the validity period has expired and is not been extended.

13.2 Site Inspections/Bid Clarification Meetings

- 13.2.1 Site inspections/clarification meetings in respect of bids exceeding R500 000 will, in general, not be compulsory. In exceptional circumstances however, a site inspection/clarification meeting may be made compulsory with the approval of the Director: Supply Chain Management, provided that the minimum bid period is extended by at least 7 (seven) days.
- 13.2.2 If site inspections/clarification meetings are to be held, full details must be included in the bid notice, including whether or not the site inspection/ clarification meeting is compulsory.
 - (i) Where site inspections/clarification meetings are made compulsory, the date for the site inspection/clarification meeting shall be at least 14 (fourteen) days after the bid has been advertised.
- 13.2.3 A register of all participants present at the Briefing or Information Session should be compiled indicating the following:
 - (i) The name of the participant;
 - (ii) The relevant institution the participant represents;
 - (iii) Contact details; and
 - (iv) E-mail address.
- 13.2.4 Any additional information, clarification, correction of errors, or modifications of bid documents should be sent to each recipient of the original bid documents in sufficient time before the closing date and time for receipt of bids to enable bidders to take appropriate actions.
- 13.2.5 Minutes of the site clarification meeting will be kept at SCM or available consulted or project manager.

13.3 Two-stage (Prequalification) Bidding Process

In a two-stage (prequalification) bidding process, bidders are first invited to prequalify in terms of predetermined functionality criteria, without being required to submit detailed technical proposals (where applicable) or a financial offer.

In the second stage, all bidders that qualify in terms of the predetermined functionality criteria will be shortlisted and invited to submit final technical proposals (where applicable) and/or a financial offer.

This process may be applied to bids for large complex projects of a specialist or long term nature or where there are legislative, design, technological and/or safety reasons to restrict bidding to firms who have proven their capability and qualification to meet the specific requirements of the bid; including projects where it may be undesirable to prepare complete detailed technical specifications or long term projects with a duration exceeding three years.

Once bidders have pre-qualified for a particular project, they shall be given not less than 7 (seven) days to submit a final technical proposal (where applicable) and/or a financial offer.

13.4 Two Envelope System

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

13.5. Functionality Competitive Bidding

GUIDELINES WHEN FUNCTIONALITY IS INCLUDED AS A CRITERION IN THE EVALUATION OF BIDS:

13.5.1. "Functionality" means the measurement according to predetermined norms of a service or commodity designed to be practical and useful, working or operating, taking into account quality, reliability, viability and durability of a service or commodity.

13.5.2. The need to invite and evaluate bids on the basis of functionality depends on the nature of the required commodity or service. When functionality is utilised as an evaluation criterion, paragraphs 12.5.3 and 12.5.4 below must be adhered to.

13.5.3. When inviting bids an institution must indicate:

- (i) whether the bids will be evaluated on functionality;
- (ii) the evaluation criteria for measuring functionality;
- (iii) the weight of each criterion; and
- (iv) the applicable values as well as the minimum threshold for functionality

13.5.4 The evaluation of the bids must be conducted in the following two stages:

- (i) Firstly, the assessment of functionality must be done in terms of the evaluation criteria and the minimum threshold referred to in paragraph 12.5.3 above.
- (ii) A bid must be disqualified if it fails to meet the minimum threshold for functionality as per the bid invitation.
- (iii) Thereafter, only the qualifying bids are evaluated in terms of the 80/20 or 90/10 preference points systems, where the 80 or 90 points must be used for price only and the 20 or 10 points are used for HDI ownership and / or for achieving the prescribed RDP goals.

14. LOCAL PRODUCTION AND CONTENT

Designated Sectors

- 14.1 Tenders in respect of goods or services that have been designated for local production and content, must contain a specific bidding condition that only locally produced goods or services with a stipulated minimum threshold for local production and content will be considered.
- 14.2 AOs / AAs must stipulate in tender invitations that the exchange rate to be used for the calculation of local content (local content and local production are used interchangeably) must be the exchange rate published by the SARB at 12:00 on the date, one week (7 calendar days) prior to the closing date of the bid.
- 14.3 Only the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:201x must be used to calculate local content.
- 14.4 The formula to calculate local content must be disclosed in the bid documentation
- 14.5 The local content (LC) as a percentage of the bid price must be calculated in accordance with the SABS approved technical specification number SATS 1286: 201x as follows: $LC = 1 \times 100$ Where x imported content y bid price excluding value added tax (VAT) Prices referred to in the determination of x must be converted to Rand (ZAR) by using the exchange rate published by the SARB at 12:00 on the date, one week (7 calendar days) prior to the closing date of the tender.
- 14.6 For the purpose of paragraphs 12.6.2, 12.6.3 and 12.6.4 above, the SBD / MBD 6.2 (Declaration Certificate for Local Content) must form part of the bid documentation.
- 14.7 The Declaration Certificate for Local Content (SBD / MBD 6.2) must be completed and duly signed. AOs / AAs are required to verify the accuracy of the rates of exchange quoted by the bidder.
- 14.8 In relation to a designated sector, a contractor must not be allowed to subcontract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.

Non-Designated Sectors

- 14.9 Where there is no designated sector, institutions may decide to include a specific bidding condition that only locally produced goods or services with a stipulated minimum threshold for local production and content, will be considered, on condition that such prescript and threshold(s) are in accordance with the specific standards determined by the dti in consultation with the National Treasury.

15. PROCEDURES FOR HANDLING, OPENING AND RECORDING OF BIDS

- Bids must be opened simultaneously in public directly after closing time on the closing date.
- Names of all bidders shall be read out in public at the time of closure of bid. Only for construction and related bids the price shall be read out as well. For other commodities/services the price shall not be read out.
- Each bid must be in writing using non-erasable ink and must be submitted on the official Form of Bid/Offer issued with the bid documents.
- The bid must be submitted in a separate sealed envelope with the name and address of the bidder, the bid number and title, the bid box number (where applicable), and the closing date indicated on the envelope. The envelope may not contain documents relating to any bid other than that shown on the envelope. Only sealed bids will be accepted.
- All bid documents must be stamped, recorded in a register with date and time. The register may be availed for public scrutiny upon a written request.
- The bid closing date may be extended by the AO or designated official if circumstances justify this action, provided that all bidders that have drawn bid documents are notified of this decision, and that the notice to this effect is attached to all bid documents subsequently issued. Any amendment to the bid closing date shall also be published on the same publication used for initial invitation.
- The onus shall be on the bidder to place the sealed envelope in the official, marked and locked bid box provided for this purpose, at the designated venue, not later than the closing date and time specified in the bid notice.
- No bids forwarded by telegram, facsimile or photocopied bids will be accepted.
- Negotiations with preferred bidders: may only be done via the Accounting Officer, provided that such negotiations do not allow the preferred bidder a second or unfair opportunity that may be detrimental to any other bidder, does not lead to a higher price than the bid submitted or any other preference. Minutes must be kept of such negotiations and forwarded to Provincial Supply Chain Management (SCM) by the 15th of each month.

Bids received in sealed envelopes in the bid box without a bid number or title on the envelope will be opened at the bid opening and the bid number and title ascertained. If the bid was in the correct bid box it will be read out. If the bid is found to be in the incorrect bid box, it will be redirected provided that the applicable bids either closed on the same day at the same time, or are still open. If the bid closes at a later date, the bid will be placed in a sealed envelope with the bid number and title endorsed on the outside, prior to being lodged in the applicable box.

Two-stage bidding process: is allowed for large complex projects, projects where it may be undesirable to prepare complete detailed technical specifications or long term projects with a duration period exceeding three (3) years.

- In the first stage technical proposals on conceptual design or performance specifications should be invited, subjected to technical as well as commercial clarifications and adjustments.
- In the second stage final technical proposals and bid prices shall be invited.

Late Bids

- A bid is late if it is not placed in the relevant bid box by the closing time for such bid.
- A late bid shall not be admitted for consideration and shall be returned to the bidder upon request.

Communication with bidders before bid closing

The Department may, if necessary, communicate with bidders prior to bids closing.

Formal communication, which has implications of consequence for all tenderers, shall be in the form of a notice issued to all bidders by the Director: Supply Chain Management by either e-mail, facsimile, or registered post as appropriate. A copy of the notice together with a transmission verification report/proof of posting shall be kept for record purposes. Notices should be issued at least one week prior to the bid closing date, where possible.

Notwithstanding a request for acknowledgement of receipt of any notice issued, the bidder will be deemed to have received such notice if the procedures in clause above have been complied with.

16. OVERSIGHT ROLE OF PROVINCIAL TREASURY (SCM) UNIT

16.1 The Provincial Supply Chain Management (SCM) Unit shall maintain oversight over the implementation of the Provincial SCM Policy in the Northern Cape Province. **Therefore in terms of Department of Roads and Public works district office, departmental head of SCM will maintain the oversight role.**

16.2 For the purpose of Provincial SCM's oversight role, the Department of Roads and Public Work's Accounting Officer shall:

Within 15 days of each month submit a report on progress made with implementation of Supply Chain Management (SCM) by the Department of Roads and Public Works as well as the monthly statistics on all acquisitions awarded exceeding R100 000,00 per case (VAT included) on National Treasury procurement statistics website, as well as reports and minutes of bid Adjudication Committee meetings referred to in paragraph 4.2., and the reports and minutes of all awards made at the district office shall be forwarded to the Head of SCM within five working days before the every the 15th day of every month for consolidation and submission to Provincial SCM office.

16.3 Publication of awards:

In adherence to National Treasury's Instruction note on enhancing compliance monitoring, improving transparency and accountability in Supply Chain Management (31 May 2011), minimum requirements are as follows:

- Publication of names of bidders in respect of advertised competitive bids (above threshold of R500 000, all applicable taxes included) must be done ten (10) working days after closure of bid on either

the institutions – or provincial website. The following information must be published: names of all bidders who submit bids at closing time and date. If practical total price and preference claimed.

- After awarding of bids the following information must be published in the Government Tender Bulletin, if applicable other media used for advertisement and on the department/ public entity or provincial website:
 - Name (s) of successful bidder (s);
 - Preference claimed;
 - Contract price (s);
 - Brand names if applicable;
 - Completion date (s) of contracts
- Legal vetting of formal contracts or service level agreements. Accounting Officers must ensure contracts are sound before signing off.
- Placing of orders for payment in another financial year Accounting Officers are prohibited from placing orders for goods and/ or services from suppliers, receiving such goods and/ or services and arranging with suppliers for such goods and services to be invoiced and paid for in another financial year.
- Payment within 30 days.
- Insituations must put in place mechanisms to ensure all accounts owing are paid within 30 days from the date of invoice, settlement or court judgment.

17. LISTS OF ACCREDITED SUPPLIERS AND SERVICE PROVIDERS

17.1 The National Treasury will keep the list of the accredited supplier and service providers of the National Treasury Central Supplier Database.

17.2 The National Treasury electronic online Central Supplier database, will be utilized by department to:-

- To select supplier for invitation of quotation for goods and services;
- Verification of supplier Key information for bids and quotation received e.i.:
 - ✓ Business registration, including details of directorship and membership;
 - ✓ Bank Account holder information;
 - ✓ In the service of the state status;
 - ✓ Tax Compliance status;
 - ✓ B-BBEE Status;
 - ✓ Tender defaulting and restriction status;
 - ✓ Identity number;
 - ✓ Any additional and supplementary verification information communicated by National Treasury.

(The information with regards to utilization of the Central Supplier Database, should be read in conjunction with National Treasury Instruction N0 4 of 2016/2017.)

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

- The Accounting Officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- Both parties must enter into a written agreement to regulate the services rendered by and payments to SITA.
- The Accounting Officer must notify SITA together with a motivation of the IT requirements if:
 - transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
 - transaction value of a contract to be acquired whether for one or more years exceeds R50 million (VAT included).

If the State Information Technology Agency (SITA) comments on departmental submissions and the Department of Roads and Public Works disagree with SITA's comments, the comments and reasons for rejecting or not following such comments must be submitted to the Accounting Officer, Provincial Supply Chain Management, Provincial Treasury as well as the Auditor-General.

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

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

20. TERM BIDS

- It is permissible to invite bids for the supply of goods and services that is of an ad-hoc or repetitive nature, for predetermined period of time (commonly referred to as a term contract).
- The general acquisition procedure for term bids shall comply with procedures contained in the acquisition management system for competitive bids.
- Bid documentation, where applicable, shall state that the acceptance of term bids based on a schedule of rates will not necessarily guarantee the bidder any business with the DRPW.
- Material for repairs and maintenance can be purchased on a term contract where circumstances warrant it.
- Additional items included in a term bid by any bidder which are clearly not an alternative to any of the items specified shall not be considered.
- Orders for goods or services may be raised up until the expiry of the term bid, provided that the goods or services can be delivered within 30 days of placing the order.

- Orders for professional goods and services may be raised up until the expiry of the term bid, provided that the work in respect thereof is completed within the three year budget cycle that is applicable at the time of placing the order.

21. APPOINTMENT OF CONSULTANTS

- The Accounting Officer must adhere to National- and Provincial Treasury guidelines (Practice note 2 of 2004 and updates) without exception. Same applies to Department of Public Service Administration's (DPSA) guidelines on hourly tariffs.
- The establishment and operation of a roster system in support of a Preferential Procurement Policy for statutory tariff appointment of Consultants for projects where the project fee does not exceed R3,000,000, inclusive of Value Added Tax.
- Consultancy services must be acquired through competitive bidding. If the value of the contract is estimated to exceed R500 000.00 (VAT included) or the duration period of the contract exceeds one (1) year.
- In addition to any requirements by this Policy for competitive bids, bidders must furnish particulars of:
 - All consultancy services provided to an Organ of State. An Organ of State is defined as: (*National, Provincial and Local Government as well as Public Entities*) in the last five (5) years and any similar consultancy services provided to an Organ of State in the last five (5) years.
 - Copy right of any document produced, also working papers e.g. questionnaires used, research to compile statistics etc., patent rights or ownership in any plant, machinery, system or process designed or devise by a consultant in the course of the consultancy services is vested in the Northern Cape Provincial Administration; Department of Roads and Public Works.

22. DEVIATION FROM ACQUISITION PROCESSES IN EMERGENCY SITUATION

- The Accounting Officer may dispense with the official acquisition processes established by this Policy and acquire any required goods/services through any convenient process, which may include direct negotiations in an extremely urgent or emergency situation.
- Price quotations may be invited verbally, telephonically or per facsimile. The relevant parties in case of a verbal or telephonic quotation must confirm their offers in writing as soon as possible. The Accounting Officer or delegated official must approve all relevant acquisitions and record reasons for audit purposes. All reasonable steps must be taken to ensure market related prices are obtained.

22.1 Other deviations from acquisition processes

- If goods and services are produced or available from a sole supplier only, the Accounting Officer must request the profit margin of the sole supplier to determine the reasonability of price quoted and compare the retail price of the goods as well to the quoted price.
- Reasons for deviations shall be recorded for audit purposes.

- A quarterly report must be supplied to Provincial Supply Chain Management (SCM) on all deviations from acquisition processes as per Policy.

22.1.1 Acquisition of print media, radio etc.

- What media will be utilized for the campaign and why,
- and should the process should reflect fairness, competitiveness, cost effectiveness and transparency?
- If it is the regional newspapers of radio stations it would be irrelevant to request quotations since these media is only found in those areas.
- The approval within this category must be submitted to the CFO through SCM. This specific delegation applies when booking print media space directly with media owners. A motivation indicating the following must be recommended by the relevant director after input from SCM practitioners and approved by the BAC.

22.1.2 Newspapers

The cost of newspapers is regularise by industry that is why all outlets will charge the same price. The department will purchase its newspaper from an outlet that is approved by the CFO.

22.1.3 Contracts Providing for Compensation Based on Turnover

If a service provider acts on behalf of The Department of Roads and Public Works in providing any service or act as a collector of fees, services charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or amount collected, the contract between the service provider and Department must stipulate:

- a cap on the compensation payable to the service provider; and
- that such compensation must be performance based.

22.1.4 Expansion or Variation Orders

In exceptional cases, especially in construction procurement, the Accounting Officer may approve variation orders for goods/services/works or may expand a contract against the original value of the contract amount, as follows:-

- (i) For construction related good, works, services the variation may not exceed 20% or R20 million – inclusive of all applicable taxes of the original value of the contract, whichever is the lower amount.
- (ii) For all other goods/services the expansion of the contract may not exceed 15% or R15 million (including all applicable taxes) of the original values of the contract, whichever is the lower amount.
- (iii) **NOTE:** Any amount in excess of the above can only be approved by the relevant Treasury – written request to Provincial Supply Chain Management.

23. UNSOLICITED BIDS

The Accounting Officer should refrain from considering unsolicited bids received outside normal bidding processes as it eliminates transparent, competitive acquisition processes.

- If an unsolicited bid is considered due to an exceptional product benefit, or cost advantages or a person or company is the sole provider of a product or service the following procedure must be followed:
- The Adjudication Committee must consider the unsolicited bid. The Committee must take into account any comments submitted by the public and have to acquire written inputs from Provincial Supply Chain Management (SCM) prior to making a recommendation to the Accounting Officer.
 - If any recommendations of the Provincial Supply Chain Management (SCM) Unit are not followed, the Accounting Officer must submit to the Auditor-General and the Provincial Supply Chain Management (SCM) Unit the reasons for rejecting or not following these recommendations. Such submissions must be made **before** any commitment is made or contract concluded. The Auditor-General and Provincial Supply Chain Management (SCM) Unit will have 30 days from receiving the submission to provide inputs to the Accounting Officer during which period no contract may be concluded.

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

The Accounting Officer must determine measures for the combating of abuse of the Supply Chain Management (SCM) system:

- Take all reasonable steps to prevent abuse of the Supply Chain Management (SCM) system;
- Investigate any allegations against an official or other role player of corruption, favouritism, unfair or irregular practices, improper conduct or failure to comply with the Supply Chain Management (SCM) system, and when justified:
 - take steps against such official or other role player and inform Provincial Supply Chain Management (SCM) of such steps; and
 - report any alleged criminal conduct that may constitute an offence to the South African Police Services (SAPS).
- Check National Treasury's Supplier's Database, available at Provincial Supply Chain Management (SCM) prior to awarding any bid as to ensure that no recommended bidder, nor any of its directors, is listed as companies or persons prohibited from doing business with the public sector.
- Reject a proposal for the award of a bid if the recommended bidder or any of its directors have committed a corrupt or fraudulent act in competing for the particular contract.
- Reject any bid from a bidder who during the last five (5) years has failed to perform satisfactorily on a previous contract with the NCPG or any other Organ of State after written notice was given to that bidder that performance was unsatisfactory.
- Reject the bid of any bidder or any of its directors, if it has abused the Supply Chain Management (SCM) system, of the NCPG or has committed any improper conduct in relation to the system and has been convicted of fraudulent or corrupted activities during the foregoing five (5) years.

- Cancel a contract awarded to a supplier of goods or services if the supplier committed any corrupt or fraudulent act during the bidding process or the execution of the contract.
- or if an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person.
- Reject any bid from a supplier who fails to provide a valid original SARS tax clearance certificate as per requirement or proof from the South African Revenue Service that the supplier is registered for tax purposes and has no outstanding tax obligations or has made arrangements to meet outstanding tax obligations.
- The Accounting Officer shall inform Provincial Supply Chain Management (SCM) of any actions taken.

25. NON-COMPLIANCE MECHANISM

Provincial Supply Chain Management (SCM) established an institutional mechanism to receive grievances regarding non-compliance with the prescribed Supply Chain processes, procedures and policies. Inquiries will be conducted and recommendations made for remedial actions. Departmental grievances as well as suppliers' grievances will be addressed refer to Annexure C for framework of the non-compliance mechanism.

26. COMPLIANCE WITH ETHICAL STANDARDS

26.1 All officials and other role players in the Supply Chain Management (SCM) system must comply with the highest ethical standards in order to promote:

- mutual trust and respect; and
- an environment where business can be conducted with integrity and in a fair and reasonable manner.

26.2 The National Treasury's Code of Conduct for Supply Chain Management (SCM) Practitioners must be adhered to by all officials, Specifications-, Evaluation- and Adjudication Committee members and all other role players involved in Supply Chain Management (SCM) (Annexure A). All officials must sign a copy of the Code of Conduct and copies thereof must be furnished to Provincial Supply Chain Management (SCM) for record purposes.

26.3 If changes to the SCM organogram or any of the Committees are effected - copies of alterations must be forwarded to Provincial Supply Chain Management (SCM).

26.4 Supply Chain Management (SCM) practitioners, Bid Committee members and other role player shall:

- recognize and disclose any conflict of interest that may arise;
- treat all suppliers/service providers and potential suppliers/service providers equitably;
- not use their position for private gain or to improperly benefit another person;

- ensure that they do not compromise the credibility or integrity of the supply chain management system through the acceptance of gifts or hospitality or any other act;
- be scrupulous in their use of public property; and
- assist Accounting Officers in combating corruption and fraud in the Supply Chain Management System.

26.5 If a Supply Chain Management (SCM) practitioner, Bid Committee member or other role player, or any close family member, partner or associate of such official, has any private or business interest in any contract to be awarded, that official, Committee member or other role player must:

- disclose that interest; and
- withdraw from participating in any manner whatsoever in the process relating to that contract.

26.6 An official in the Supply Chain Management (SCM) Unit who becomes aware of a breach of or failure to comply with any aspect of the Supply Chain Management (SCM) system must immediately report the breach or failure to the Accounting Officer in writing.

27. REPORTING OF SUPPLY CHAIN MANAGEMENT (SCM) INFORMATION

The Accounting Officer must submit to Provincial Supply Chain Management (SCM) such information as indicated in the Policy within the timeframes indicated and in the required format.

28. DEBRIEFING OF UNSUCCESSFUL BIDDERS

After notification of award to the successful bidder a non-compulsory session with unsuccessful bidders may be arranged and broadly reasons for awarding the contract discussed.

29. LOGISTICS MANAGEMENT

The Accounting Officer shall establish an effective system of logistics management in accordance with Provincial Supply Chain Management (SCM) prescripts to provide for:

- placing of orders;
- receiving and distribution of goods ;
- ensure goods/services received comply with quality and quantity and other specifications;
- expediting orders;
- transport management;
- vendor performance;
- maintenance; and
- contract administration.

From the logistics management process the financial system is activated to generate payments.

30. DISPOSAL MANAGEMENT AND LETTING OF STATE ASSETS

The Accounting Officer shall establish an effective system of disposal management for the disposal of unserviceable, redundant or obsolete state assets.

- Obsolescence planning or depreciation rates per item are to be calculated.
- A database of all redundant material and items are to be kept.
- Assets are to be inspected for potential re-use.
- Determine a disposal strategy for obsolete items.
- Disposal of movable assets must be at market-related value utilizing price quotations, competitive bids or auction, whichever is most advantageous to the department, unless determined otherwise by Provincial Treasury in collaboration with Provincial Supply Chain Management.
- The Accounting Officer may also transfer assets to other organs of state at market-related value free of charge by means of formal vouchers.
- The Accounting Officer must, when disposing of computer equipment, firstly approach a state institution or Non-Governmental Organisation (NGO) involved in education and/or training to determine whether such an institution requires IT equipment - if so IT equipment shall be transferred free of charge to the identified institution.
- The Northern Cape Department of Roads and Public Works shall not let any of its immovable property free of charge without the prior approval by Provincial Treasury.
 - A register of all properties let must be kept, rental per month, method of collecting rental and rental agreement with occupant, all relevant expenses incurred on the property e.g. rates and taxes and maintenance. Property must be valued every five (5) years by a valuator that is a registered member of the South African Valuers Association.
- The Accounting Officer shall review, at least annually when finalizing the budget, all fees, charges, rates or scales of fees or other charges relating to the letting of state property as to ensure sound financial planning and management.
- Ensure that when assets are traded in for other assets (e.g. MEC's vehicle), approaching at least three (3) dealerships and negotiate the highest possible trade-in price. If an acceptable trade-in value can't be negotiated the vehicle may be sold per bid or auction whichever will be most advantageous to the Northern Cape Provincial Government.

31. RISK MANAGEMENT

The Accounting Officer must establish an effective system of risk management for the identification, consideration and avoidance of potential risks in the Supply Chain Management System.

Risk management shall include:

- identification of risks on a case-by-case basis;
- allocation of risks to the party best suited to manage such risks;
- acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
- management of risks in a pro-active manner and the provision of adequate cover for residual risks;
- assignment of relative risks to the contracting parties through clear and unambiguous contract documentation; and
- risk management must form part of the business plan for the acquisition of all goods and services.

32. CONTRACTS AND CONTRACT MANAGEMENT

32.1 Contracts

32.1.1 The Accounting Officer or Accounting Authority must ensure that all contracts entered into by the institution are legally sound.

32.1.2 Contracts should be kept in a secure place for judicial reference. The contracts concluded must consist of at least:

- (a) The general conditions of contract as issued by National Treasury.
- (b) Where applicable, special conditions in relation to specific goods and services procured.
- (c) Submitted bid documents.
- (d) Documentation for the claiming of preferential bidding points.
- (e) Authority of the service provider to confirm with SARS on the tax status of the company during the duration of the contract.
- (f) Letter of acceptance.

32.2 Contracts relating to Information technology must be prepared in accordance with the State Information Technology Act, 1998 (Act 88 of 1998) and any regulations issued in terms of this act. The special conditions referred to in paragraph 33.1.2 may include but is not limited to:

- (a) A preamble that serves to explain the rationale for the conclusion of the contract or to provide contextual or background information.
- (b) Governance protocols.
- (c) Reporting on performance in terms of the contract or agreements in respect of contracts that extent over a period of time.
- (d) A periodic review of the contract or agreement by the parties in respect of contract that extent over the period of time.
- (e) Clauses that clearly and unambiguously set out the rights and obligations of the parties, relevant to the specific subject matter in respect of which the contract is entered into.
- (f) Service levels, if applicable.
- (g) Incorporation of other documents as annexures.

32.2 Contract management

32.2.1 The accounting officer/accounting authority of an institution must ensure that the supply chain management system of the institution provide for contract management to include, but not limited to;

- (a) Recording contracts in a contract register.
- (b) Monitoring and regular reporting on contracts.
- (c) Evaluation of compliance with transversal contracts in which the institution participates.
- (d) Identification of institutional period contracts that are nearing expiry.
- (e) Evaluation of applications for price adjustments.
- (f) Evaluation of applications for variations , amendments, and cancellations.
- (g) Invoking in penalty clauses.

32.3 Evaluation performance of contracts

32.3.1 Accounting Officers or accounting authorities must continuously ensure that an assessment of the service provider (including consultants when applicable) performance is undertaking and that this assessment should be available for future reference.

32.3.2 The assessment must include the reliability of the service provider in terms of, among others

- (a) Delivery periods
- (b) Qualify; and
- (c) Quantify.

33. PERFORMANCE MANAGEMENT: SUPPLIERS & SERVICE PROVIDERS

The Accounting Officer shall establish an effective internal monitoring system in order to determine, on the basis of retrospective analysis, whether the prescribed and authorised Supply Chain Management (SCM) process were followed and whether the desired objectives were achieved. Some of the issues that must be reviewed are:

- achievement of goals;
- compliance with norms and standards;
- savings generated;
- cost variance per item acquired over a financial year;
- contract breach;
- vendor performance;
- cost efficiency of acquisition process (i.e. the cost of the process itself);
- whether departmental supply chain objectives are consistent with government's broader Policy focus;

- material construction standards become increasingly aligned with those standards that support international best practice;
- the principle of co-operative governance as expounded in the Constitution is observed; and
- reduction of regional economic disparities is promoted.

34. SPONSORSHIPS

The Accounting Officer must promptly disclose to Provincial Treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, or by any person who is:

- a supplier or prospective supplier/provider of goods or services; or
- a recipient or prospective recipient of goods already disposed or stand to be disposed.

35. POLICY REVIEW AND AMENDMENT

35.1 This policy is effective from date of signature.

35.2 The assessment to determine the effectiveness and appropriateness of this policy will be done two (2) years after its effective date and thereafter bi-annually. The assessment could be performed earlier than two years to accommodate any substantial structural or other organizational changes at the Department or any change required by law.

35.3 If and when any provision of this policy is amended, the amended provision will supersede the previous one.

35.4 Deviations from this policy must be approved by the Accounting Officer.

36. APPROVAL OF THE POLICY AND DATE OF EFFECT

This policy is Approved / Not Approved

Comments:

.....
.....
.....

MR. K. NOGWILI
HEAD OF DEPARTMENT

DATE



the dr&pw

Department:
Roads and Public Works
NORTHERN CAPE PROVINCE
REPUBLIC OF SOUTH AFRICA

INTERNAL MEMO

DATE:	01 JUNE 2018	REF. NO.	
TO:	MS. B. BEKEBEKE DIRECTOR: STRATEGIC PLANNING		
FROM:	MR. T. FERREIRA DEPUTY DIRECTOR: POLICY AND RESEARCH MANAGEMENT SERVICES		
SUBJECT:	SUBMISSION FOR APPROVAL OF THE DEPARTMENTAL SUPPLY CHAIN MANAGEMENT POLICY		

Dear Ms. Bekebeke

Please find attached the departmental Supply Chain Management (SCM) Policy, which is hereby submitted for your consideration and further action.

Regards

Tom Ferreira
Manager: Policy and Research Management Services



the dr&pw

Department:
Roads and Public Works
NORTHERN CAPE PROVINCE
REPUBLIC OF SOUTH AFRICA

INTERNAL MEMO

DATE:	01 JUNE 2018	REF. NO.	
TO:	THE HEAD OF DEPARTMENT (HOD)		
FROM:	THE DIRECTOR: STRATEGIC PLANNING		
COPY:	THE CHIEF DIRECTOR: CORPORATE AND MANAGEMENT SERVICES		
SUBJECT:	SUBMISSION FOR APPROVAL OF THE DEPARTMENTAL SUPPLY CHAIN MANAGEMENT POLICY		

Purpose

1. The purpose of this submission is to obtain approval from the Head of Department (HOD) for the operationalization within the Department of the Departmental Supply Chain Management (SCM) Policy.

Recommendations

1. The final draft of this policy has been circulated departmentally by the Communication Unit.
2. It is therefore recommended that the HOD approve this policy as Departmental policy.
3. Please see e-mail attached of the Evidence of Departmental Consultation.



MS. B. BEKEBEKE
DIRECTOR: STRATEGIC PLANNING
Recommended / Not Recommended



DATE

**SUBMISSION FOR APPROVAL OF THE DEPARTMENTAL
SUPPLY CHAIN MANAGEMENT POLICY**



MS. A. MPOTSANG
CHIEF DIRECTOR: CORPORATE AND MANAGEMENT SERVICES
Recommended / Not Recommended

17/7/2018
DATE



MR K. NOGWILI
HEAD OF DEPARTMENT
Policy Approved / Policy Not Approved

01-08-2018
DATE

TFerreira - DR&PW Final Draft INVENTORY Management Policy and Procedures; DR&PW Draft SCM POLICY 2018

From: DRPW-Info

To: ABavasah; ABrand; AFanie; AFembers; AKula; ALesotho; ALKoopman; amaina@vodamail.co.za; AMasisi; AMkhize; AMoeti; AMofokeng; AMokwadi; AMotlagodisa; AMpotsang; andre.jooste17@gmail.com; AnthonyL; APulen; arpinm7@gmail.com; ARudman; ASwanepoel; Babalwa Bekebeke; BBarends; BBobeje; BChotelo; BCloete; BDamon; BGoba; BMazwi; BMeruti; BMontshiwa; BonoloMakoko; BosmanP; BPitso; BSedisho; BSemau; BSlingers; bslingers@vodamail.co.za; BValentine; c28robertson@gmail.com; CAbrahams; CAdams; CBailey; cbailey@vodamail.co.za; CDenysschen; CFourie; CGeweldt; ChristinaF; CKakora; CMrwebi; CRabaji; CRobertson; CValentine; CvanRooi; DBingwa; denicebingwane460@gmail.com; DGaehete; DKowa; DMAqutyana; DMokgathe; DMokoena; DMonyamane; DMwembo; DPetersen; DPhirisi; DRPW-Info; DRPW-Switchboard; DSwartz; DTsoai; DvdMerwe; EBlauw; EBreytenbach; ed.simon19@gmail.com; EduPlessis; EJobe; EJonkers; EKhatwane; EKruger; ELecwedi; EMichaels; emodise@vodamail.co.za; EMoreothata; ENodoba; EPino; EricksenA; ESimon; esterhuysek133@gmail.com; FDooling; FMogoje; FPetoro; francesbaardmech@gmail.com; FvanVuuren; GAppels; GCloete; GJacobs; gkeyser@vodamail.co.za; GMeyer; GMoabi; GMolale; gobiditseonerobertmosang@gmail.com; GPietersen; GPino; GRiet; GSalimana; gstuurman17@gmail.com; GThupe; GTopkin; HenerydeWee@gmail.com; hermie@hantam.co.za; HPuley; HvanderMerwe; ICarolus; IFredericks; ILottering; innocentiamlambo@gmail.com; IOliphant; IRammutla; Isaacprins9@gmail.com; ITIhopile; JHanekom; JillianWilliams; JMarx; JMhlongo; JMolale; JMoncho; JMphole; JPienaar; JShume; JSibiya; JSitler; JSpetember; JTawine; jtgmecc@gmail.com; June Erasmus; KAaron; KatzS; KBeuzana; KBopape; KBritz@ncpg.gov.za; KChomi; KDennis; KEisang; kenneth.markman@vodamail.co.za; KEricksen; keysergarnett@gmail.com; KHenyekane; KKgomo; KKross; KLawrence; KLeserwane; KMaarman; KMatonkonyane; KMatthews(...)

Date: Tue, May 22, 2018 1:47 PM

Subject: DR&PW Final Draft INVENTORY Management Policy and Procedures; DR&PW Draft SCM POLICY 2018

Attachments: DR&PW Final Draft INVENTORY Management Policy and Procedures.docm; DR&PW Draft SCM POLICY 2018.docx

Good Day Colleagues

Hereby receive above mentioned policies attached for your urgent attention, comments, inputs and feedback. Please note that the due date for inputs is **Friday, 25 May 2018**.

For more information or any clarification regarding the above, please consult with Mr Tom Ferreira, Manager: Policy and Research Management Services.

Thank You



DRPW-info@ncpg.gov.za
COMMUNICATION AND MARKETING SERVICES

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Trendsetters in Infrastructure delivery to change the economic landscape of the province'