f) Annually, general specifications for stationery and other general requisites used continuously must be revised and approved to allow for the flow of work. For all other requirements (quotations or bids), specific specifications must be drafted upon request.

g) The BSC must ensure that the correct point system is used in accordance with the Preferential Procurement Policy Framework Act (PPPFA) of 2000 and the PPPFA Regulations Gazetted by National Treasury in 2017.

h) If functionality forms part of the evaluation criteria, it must be included in the bid documentation.

i) External specialist advisors may be utilised in terms of bid specifications, and if this is decided upon, the appointed advisors and their companies will be prohibited from bidding.

j) Proper minutes of each meeting of the BSC must be kept, inclusive of matters such as date, time and venue; attendance list; apologies; agenda items; an accurate reflection of discussions of participants; and any other items for discussion.

k) Copies of the above mentioned minutes must be forwarded to Provincial Supply Chain Management (NCPT) not later than the 15th of the month.

l) Members of the BSC must declare interest in any bid to be evaluated before discussion of the bid and those BSC members who have a conflict of interest, which must be recorded in the BSC minutes, must excuse themselves from any further discussions.

7.2.3.4 Composition and Functionality of the BEC

a) The Bid Evaluation Committee (BEC) of the DR&PW will be composed of five (5) permanent members (***NOTE*: *THEY MAY NOT BE MEMBERS OF THE DR&PW BID SPECIFICATIONS COMMITTEE OR THE BID ADJUDICATION COMMITTEE*)**, one (1) Supply Chain Management Practitioner, a Finance Practitioner and three (3) knowledgeable members in line with the line functions of the relevant client department.

b) The BEC can co-opt members, for example, technical personnel as the need arises.

c) All permanent members of the BEC must be well versed with Supply Chain Management (SCM) procedures, policy guidelines and practice notes.

d) Proper minutes of each meeting of the BEC must be kept, inclusive of matters such as date, time and venue; attendance list; apologies; agenda items; an accurate reflection of discussions of participants; and any other items for discussion.

e) Copies of the above mentioned minutes must be forwarded to Provincial Supply Chain Management (NCPT) not later than the 15th of the month.

f) Members of the BEC must declare interest in any bid to be evaluated before discussion of the bid and those BEC members who have a conflict of interest, which must be recorded in the minutes, must excuse themselves from any further discussions.

g) Bid evaluation must be done in accordance with specifications and evaluation criteria (points and other), as set out in bid documents.
h) The BEC must evaluate bidders' ability to execute the contract and ensure all forms are duly completed, declaration of interest completed and valid Central Supplier Database (CSD) report attached.
i) The BEC must compile a report with recommendations and which is properly motivated, signed by all members and forwarded to the Head of Supply Chain Management for submission to the Bid Adjudication Committee (BAC) of the DR&PW.
j) Any disputes must be referred to the Accounting Officer (AO) of the DR&PW.

7.2.3.3 Composition and Functionality of the BAC

a) The Bid Adjudication Committee (BAC) of the DR&PW will consist of five (5) permanent members, inclusive of the Head of Supply Chain Management (SCM) and the Chief Financial Officer (CFO), who should preferably be the Chairperson. The other three (3) members of the BAC must be Senior Management Service (SMS) officials of the DR&PW.
b) The BAC can co-opt members (only government officials) e.g. technical personnel, to clarify technical or other related matters <u>for the purpose only</u> and inputs must be provided in writing and appended to the minutes of the meeting. Once they have provided their inputs, they must leave the meeting.
c) If outside consultants are needed to provide inputs due to specialised knowledge, they can be co-opted <u>for the purpose only</u> and inputs must be provided in writing and appended to the minutes of the meeting. Once they have provided their inputs, they must leave the meeting.
d) All permanent members of the BAC must be well versed with Supply Chain Management (SCM) procedures, policies, guidelines and practice notes.
e) Proper minutes of each meeting of the BAC must be kept, inclusive of matters such as date, time and venue; attendance list; apologies; agenda items; an accurate reflection of discussions of participants; and any other items for discussion.
f) Copies of the minutes from the District Bid Committee (DBC) must be forwarded to the SCM Head Office: Acquisition unit of the DR&PW on a monthly basis.
g) Proper minutes of each meeting of the DBC must be kept, inclusive of matters such as date, time and venue; attendance list; apologies; agenda items; an accurate reflection of discussions of participants; and any other items for discussion.
h) Copies of the above mentioned minutes must be forwarded to Provincial Supply Chain Management (NCPT), not later than the 15th of the month.
i) Members of the BAC must declare interest in any bid to be evaluated before discussion of the bid and those BAC members who have a conflict of interest, which must be recorded in the BAC minutes, must excuse themselves from any further discussions.

j) If a member is indicated by a bidder(s) in their declaration of interest, the secretary will inform such a member/s and not send relevant documentation to the member.

k) The BAC will, depending on the BAC's written delegations, make a final award or a recommendation to the Accounting Officer for the final award or how to proceed with the relevant acquisition.

l) If the Chairperson of the BAC are absent from a meeting, the members of the BAC present, must elect a chairperson to preside at the particular meeting.

m) If the BAC deviates from the recommendations of the BEC within their delegated authority to directly award bids, it must be fully motivated and the AO notified to ratify the decision and Provincial Treasury (NCPT) must be informed as well as the AG.

n) The AO may, at any stage of the bidding process, refer any recommendation made by either the Evaluation Committee (BEC) or the Adjudication Committee (BAC) back to that Committee for reconsideration.

NOTE: ***NEITHER A MEMBER OF A DEPARTMENTAL BID SPECIFICATION OR EVALUATION COMMITTEE, NOR A CONSULTANT OR ADVISOR OR A PERSON ASSISTING THE EVALUATION COMMITTEE, MAY BE A MEMBER OF A DEPARTMENTAL BID ADJUDICATION COMMITTEE (BAC). ONLY APPOINTED GOVERNMENT OFFICIALS MAY SERVE ON ANY OF THE COMMITTEES OF THE DR&PW AND NOT ADVISORS, CONSULTANTS OR SHORT TERM CONTRACT WORKERS.***

8. ACQUISITION PROCESSES AND THRESHOLD VALUES

8.1 Application of the Preference Points System

8.1.1 All formal, written quotations above two thousand rand (R2000, 00), up to twenty nine thousand nine hundred and ninety nine and ninety nine cents (R29 999, 00) must be completed utilising the prescribed quotation forms, namely: Annexure F and NCP4/SBD4.

8.1.2 For bids in excess of R30 000,00 but less than R50 million, the 80/20 preferential point system will be applicable for evaluation and adjudication.

8.1.3 For bids in excess of R50 million, the 90/10 preferential point system will be applicable for evaluation and adjudication.

8.1.4 Preference points will be allocated based on the following specific goals as stipulated in the PPPFA of 2000 and the RDP of 1994.

(i) which is at least fifty-one per cent (51%) black owned companies;

(ii) fifty one per cent (51%) youth owned companies;

(iii) fifty one per cent (51%) women owned companies;
(iv) fifty one per cent (51%) towards companies owned by persons with disabilities;
(v) fifty one per cent (51%) black people living in rural or under developed areas; and
(vi) fifty one per cent (51%) towards military veterans.

8.1.5 The BBBEE specific goals are as follows:

BBBEE SPECIFIC GOALS	NUMBER POINTS
BBBEE status level 1 - 2 contributor with at least 51% black women ownership	20
BBBEE status level 3 -4 contributor with at least 51% women ownership	5
BBBEE status level 1 - 2 contributor with at least 51% black youth or disabled ownership	3
BBBEE status level 1 -2 contributor	14
BBBEE status level 3 - 8 contributor with at least 51 % youth or disabled ownership	12
BBBEE status level 3 -4 contributor	8
BBBEE status level 5 - 8 contributor	4
Others	

8.1.6 The points scored for specific goals must be added to the points scored and the total must be rounded off to the nearest two decimal places.

8.1.7 The contract must be awarded to the bidder scoring the highest points.

8.1.8 If two (2) or more bidders score an equal total number of points, the contract must be awarded to the bidder that scored the highest points for specific goals, and if two (2) or more bidders score equal total points in all respects, the award must be decided by the drawing of lots.

8.2 General Preconditions for Consideration of Written Quotations or Bids

A written quotation or bid may not be considered unless the provider who submitted the quotation or bid has furnished that provider's:

8.1.1 full name;

8.1.2 identification number or company or other registration number; and

8.1.3 SARS e-filing pin number and Central Supplier Database (CSD) number.

9. VERBAL PRICE QUOTATIONS

9.1 Verbal price quotations may be requested for the procurement of goods and services below two thousand rand R2000, 00 (VAT included). Verbal requests for quotations are usually not accompanied by specifications and conditions and may be requested telephonically.

9.2 The date of submission and address where it must be submitted to in writing, must be indicated when the request is made telephonically.

9.3 Where no suitable providers are available from the CSD, quotations may be obtained from other possible providers not on the list.

9.4 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

The conditions for the procurement of goods or services through written price quotations are as follows:

10.1 State institutions must prescribe the minimum number of days for the invitation of price quotations, ensuring that the prospective suppliers are afforded enough time to submit their quotations and balancing this with the need for the institution of state to deliver the service.

10.2 In terms of balancing the need, the following timeframes are applicable for requesting price quotations from prospective suppliers registered on the Central Supplier Database (CSD), who will be required to submit quotations within three (3) to five (5) days, depending on the specific requirements/specifications on request.

10.3 In cases where urgent procurement for goods or services is needed, the above mentioned period may change to accommodate the urgent need.

10.4 Requests and submissions of quotations will be primarily via e-mail but is not limited thereto and can be hand requested or delivered and/or be placed in the departmental tender box.

10.5. Quotations above R2000, 00 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 the DR&PW List of Registered Professional Service Providers.

10.6 Quotations may be obtained from supplier's/service providers who are not listed, provided that they are registered on the CSD before the order is finalised (refer to National Treasury Instruction Note 4A of 2016/2017 par 3.4).

10.7 If it is not possible to obtain at least three (3) quotations, reasons shall be recorded and the AO or a delegated official's approval must be sought for continuation with the transaction.

10.8 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.

10.9 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 (7) to sort out tax matters.

10.10 All formal written quotations above R2000, 00 prescribed quotation forms must be utilised (NCP4) or full standard bid document.

10.11 All acquisitions in excess of R30 000, 00 (including VAT) per case the written quotations must be adjudicated in terms of the RDP Goals (80/20).

10.12 When using the ALL Accredited List of Suppliers (CSD) and Professional Service providers; ongoing competition amongst suppliers must be promoted, and the principle of a rotation basis shall be applicable.

11. COMPETITIVE BIDS

11.1.1 Goods and/or services above a transaction value of one million rand (R1 000 000, 00) (VAT included) and long term contracts may only be procured through a competitive bidding process.

11.1.2 No requirement for goods or services above an estimated transaction value of one million rand (R1 000 000, 00) (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services other than through a competitive bidding process.

11.1.3 Bids in excess of thirty million rand (R30 000 000, 00) (VAT included) where feasible, must sub-contract thirty per cent (30%) (VAT included) of the contract value to designated groups residing within the Northern Cape Province. **Empowerment strategies in this regard are as follows:**

a) Sixty per cent (60%) procurement spent on companies of the Northern Cape.
b) Target procurement will apply for all acquisition less than R1 000 000, 00 targeting designated groups within the Northern Cape Province.
c) Projects that are between R5 million and R30 million must stipulate that 30% of the project value will be allocated to sub-contractors. This will not be a condition of tender but a requirement and if companies fail to meet this requirement, penalties will be incurred.
d) Subcontractors or service providers shall be selected from the town from where the service or project is being undertaken.
e) In cases where there are no suitable contractors to do the job in a town, the main contractor or service provider shall select sub-contractors from the nearest areas any such database of service providers kept by the CSD.
f) The main contractor /service provider is expected to provide training to the subcontractors. The training and coaching shall enable the subcontractor to apply for higher CIDB grading after the completion of the project or register with the appropriate professional or monitoring body.
g) Nominated Subcontractors: The Department may provide nominated subcontractors to the main contractor or service provider at the tender stage who shall take full professional responsibility for the workmanship quality of the subcontractors he/she chooses.

11.1.5 Bids must at least be advertised in the Government Tender Bulletin and E-tenders.

11.1.6 Either Provincial Supply Chain Management (SCM) or National Treasury will arrange transversal contracts. The DR&PW shall respond to a formal invitation to indicate whether it wants to participate or not.

11.1.7 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.

11.1.8 The DR&PW will make use of bid documentation are as per National and/or Provincial prescripts.

11.1.9 The DR&PW will make use of the preference point system used in accordance with the Revised Preferential Procurement Policy Regulations of 2017 Implementation of the Revised Preferential Procurement Regulations, utilizing BBBEE status level verification certificates to claim preference points.

11.1.10 Regarding bids in excess of thirty thousand rand (R30 000, 00) but less than fifty million rand (R50 million) the 80/20 preferential point system will be applicable for evaluation and adjudication and for bids in excess of fifty million rand (R50 million) the 90/10 preferential point system will be applicable for evaluation and adjudication.

11.1.11 If the value of the transaction is estimated to exceed ten million rand (R10 million) (VAT included), bidders shall be required to furnish the following:

a) 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.
b) 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 thirty (30) days.
c) 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.
d) A statement indicating whether any portion of the goods or services is expected to be sourced from outside the Republic and, if so, what portion of the payment is expected to be transferred out of the Republic of South Africa, informing the Department of Trade and Industry (DTI).

11.1.12 Contracts relating to Information Technology (IT) are prepared in accordance with the State Information Technology Act, (Act No. 88 of 1998) and any regulations made in terms of that Act.

11.1.13 Treasury Regulations 16 is complied with when goods or services are acquired through public private partnerships or as part of public private partnerships.

11.1.14 Instructions issued by National Treasury and Provincial Treasury (NCPT) in respect of the appointment of consultants shall be complied with as well as remuneration norms and standards set out in the DPSA guidelines.

11.1.15 In the event of a particular case where it is impractical to invite competitive bids, the Accounting Officer (AO) may acquire the required goods or services by other means. Reasons for deviating from inviting competitive bids must be recorded for audit purposes.

11.1.16 The AO may participate in transversal term contracts facilitated by National or Provincial Treasury. When participating in such contracts the AO of the DR&PW may not solicit bids for the same or similar product or service during the tenure of the transversal term contract.

11.1.17 The AO of the DR&PW participates 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.

11.1.18 All bids must be deposited by the closing date and time in a bid box availed and accessible to the public.

11.1.19 Bids must be submitted in a sealed envelope with the bid number and bid description on the envelope.

11.1.20 Bids received after closing time will be handled as late. Time for closure will be aligned with official Greenwich Mean Time (GMT).

***NOTE:* SEE SCM INSTRUCTION NO. 02 OF 2021/2022 - THRESHOLD VALUES FOR THE PROCUREMENT OF GOODS AND SERVICES.**

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 the following into account:

a) The general conditions of a contract (GCC).
b) Any treasury guidelines on bid documentation.
c) Include evaluation and adjudication criteria, including any criteria required by other applicable legislation.
d) Compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted.

12.1.2 If the value of the transaction is expected to exceed ten million rand (R10 million) (VAT included), bidders are required to:

a) Indicate whether the bidder is required by law to prepare annual financial statements for auditing, as well as their audited annual financial statements:
   (i) for the past three (3) years; or
   (ii) since their establishment, if established during the past three (3) years.
b) Provide a certificate signed by the bidder certifying that the bidder has no undisputed commitments for departmental services towards another service provider in respect of which payment is overdue for more than thirty (30) days.
c) Particulars of any contracts awarded to the bidder by an organ of state during the past five (5) years, including particulars of any material non-compliance or dispute concerning the execution of such contract.
d) A 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 the DR&PW is expected to be transferred out of the Republic.
e) 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.

12.1.3 Specifications or Terms of Reference (ToR) need to include the following, where applicable:

1) Description of the requirement.
2) Background.
3) Objective of the project, where applicable.
4) Quantity/volume applicable, where applicable.
5) Plans and drawings, where applicable.
6) 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.)
7) Minimum performance requirements.
8) Expected outcomes/deliverables.
9) Evaluation criteria including the ratio of points as applicable and the quantification thereof.
10) The particulars pertaining to the goal to be met, where applicable.
11) 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.
12) 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.
13) Schedule for service delivery or completion date.
14) Shelf life, where applicable.
15) Packaging, where applicable.
16) Whether installation/erection is required and if affirmative, an indication of the place/address where the installation/erection is to take place.
17) Whether demonstration/training is required and if affirmative, an indication of the place/address where the demonstration/training is to take place.

18) Whether a performance guarantee is required. Full particulars, amount and reasons must be given.
    a) Performance guarantees should be commensurate with the degree of contractual risk to which the DR&PW 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 DR&PW's costs relating to such failure are likely to be recovered.

19) The warrantee requirement and period applicable.
20) Whether samples must be submitted.
21) 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.

22) Budget.
23) Indicate in the case of capital goods, whether foreign export credit facilities should be utilised.
24) Competency and expertise requirements.
25) Roles assigned to role players, where applicable.
26) Reporting requirements, where applicable.
27) Available documentation pertaining to the specific project, where applicable.
28) Any other information.

12.1.4 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.

12.1.5 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.

13. PUBLIC INVITATION OF COMPETITIVE BIDS

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

a) Bids must be invited by the SCM Directorate only after approval for the accuracy of information therein has been obtained from the relevant manager and the Bid Specifications Committee (BSC).

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

c) The information contained in a public advertisement, must include the following:

(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 twenty one (21) days from the date on which the advertisement is placed.

(vi) Bids may only be invited for a shortened period of fourteen (14) days 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.

d) The CFO may determine a closure date for the submission of bids which is less than twenty one (21) days from the date of advertisement required in terms of the Treasury Regulations, 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.

e) The language of all bids must be in English.

f) Bids submitted must be sealed.

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

h) 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.

i) Bid/quotation validity period:

(i) The validity period should allow the DR&PW sufficient time to finalise the evaluation and award of the quotation/bid.

(ii) Bids must be valid for at least ninety (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.

(iv) The extension should be for the minimum period required to complete the evaluation, obtain the necessary approvals and award the contract.

(v) Bids will be cancelled if the validity period has expired and has not been extended.

14. SITE INSPECTIONS / BID CLARIFICATION MEETINGS

14.1 Site inspections/clarification meetings in respect of bids exceeding five hundred thousand rand (R500 000, 00) 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 seven (7) days.

14.2 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.

14.3 Where site inspections/clarification meetings are made compulsory, the date for the site inspection/clarification meeting shall be at least fourteen (14) days after the bid has been advertised.

14.4 A register of all participants present at the Briefing or Information Session should be compiled, indicating the following:

a) the names of the participants;
b) the relevant institution the participants represents;
c) contact details of participants; and
d) e-mail addresses of participants.

14.5 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.

14.6 Minutes of the site clarification meeting will be kept at the SCM Directorate of the DR&PW and the Project Manager.

15. TWO STAGE (PREQUALIFICATION) BIDDING PROCESS

15.1 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.

15.2 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.

15.3 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 (3) years.

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

16. TWO ENVELOPE SYSTEM

16.1 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.

16.2 The financial offers will only be opened once the technical proposals have been evaluated.

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

17.1 "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.

17.2 The need to invite and evaluate bids on the basis of functionality depends on the nature of the required commodity or service.

17.3 When functionality is utilised as an evaluation criterion, paragraphs 17.4 and 17.5 below must be adhered to.

17.4 When inviting bids an institution must indicate:

a) whether the bids will be evaluated on functionality;
b) the evaluation criteria for measuring functionality;
c) the weight of each criterion; and
d) the applicable values as well as the minimum threshold for functionality.

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

a) Firstly, the assessment of functionality must be done in terms of the evaluation criteria and the minimum threshold referred to in paragraph 16.4 above.
b) A bid must be disqualified if it fails to meet the minimum threshold for functionality as per the bid invitation.
c) 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.

18. LOCAL PRODUCTION AND CONTENT

a) The latest Preferential Procurement Regulations of 2022 do not recognise Local Production and Content.

b) The Preferential Procurement Policy Framework Act, (PPPFA) of 2000 does not provide for local production and content *per se* but refers to implementing the programmes of the Reconstruction and Development Programme (RDP) of 1994 and provides for points to be awarded for specific goals in this regard.

c) Implementation of the programmes of the RDP, as published in Government Gazette No. 16085, dated 23 November 1994:

   i. Organs of state must support government's initiatives on development and sustaining the local manufacturing base. To this end, organs of state must identify within the RDP, if there are goals that support local manufacturing or industrialization in order to cater for those goals as part of their preferential procurement policy and specific goals in tenders.

   ii. The DR&PW must therefore determine specific goals that support local manufacturing and industrialisation.

d) An organ of state must determine its preferential procurement policy and implement it within the following framework:

   i. Contracting with persons, or categories of persons, HDI's, historically disadvantaged by unfair discrimination on the basis of Race, Gender or Disability.

e) Any specific goal, for which a point may be awarded, must be clearly specified in the invitation to submit a tender. In this regard, the DR&PW will, in compliance with the RDP, advance procurement targeting Women, Youth and People with Disability, as well as People living in Rural Areas.

18.1 Designated Sectors

18.1.1 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.

18.1.2 The AO 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 South African Reserve Bank (SARB) at 12:00 noon on the date, one week (7 calendar days) prior to the closing date of the bid.

18.1.3 Only the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:201x must be used to calculate local content.

18.1.4 The formula to calculate local content must be disclosed in the bid documentation.

18.1.5 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 x 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.

18.1.6 For the purpose of paragraphs **17.1.2, 17.1.3 and 17.1.4** above, the SBD / MBD 6.2 (Declaration Certificate for Local Content) must form part of the bid documentation.

18.1.7 The Declaration Certificate for Local Content (SBD / MBD 6.2) must be completed and duly signed. The AO is required to verify the accuracy of the rates of exchange quoted by the bidder.

18.1.8 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.

18.2 Non-Designated Sectors

18.2.1 Where there is no designated sector, the DR&PW 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.

19. UNBUNDLING STRATEGIES

19.1 Unbundling of programmes or projects affords a wide range of participation opportunities to the full spectrum of targeted groups or enterprises. This can range from those operating as labour only contractors, to those operating as prime contractors or suppliers.

19.2 The use of Targeted Procurement enables contracts to be unbundled in a number of ways, viz.:

a) by procuring works or services in the smallest practicable quantities;
b) by obligating prime contractors or service providers to engage targeted enterprises in the performance of their contracts in terms of resource specifications;
c) by providing third party management support to enterprises which are not capable of operating as prime contractors (known as Development Contracts);
d) by allocation and/or distribution as per the scope of work; and
e) by requiring joint venture (JV) formation between large businesses and targeted enterprises

(known as a Structured Joint Venture). JV agreements must clearly define the following:

i. percentages of shareholding;
ii. terms and conditions; and
iii. the skills transfer agreement.

20. PROCEDURES FOR HANDLING, OPENING AND RECORDING OF BIDS

a) Bids must be opened simultaneously in public directly after closing time on the closing date.
b) Names of all bidders shall be read out in public at the time of closure of the 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.
c) 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.
d) The bid must be submitted in a separate sealed envelope with the name and the 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.
e) 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.
f) 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.
g) 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.
h) No bids forwarded by telegram, facsimile or photocopied bids will be accepted.
i) Negotiations with preferred bidders: may only be done *via* the AO, provided that such negotiations do not allow the preferred bidder a second or unfair opportunity that may be detrimental to any other bidder and does not lead to a higher price than the bid submitted or any other preference.
j) Minutes must be kept of such negotiations and forwarded to Provincial Supply Chain Management in the Provincial Treasury (NCPT) by the 15th of each month.
k) 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.

l) 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.

m) 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.

n) In the second stage final technical proposals and bid prices shall be invited.

20.1 Late Bids

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

b) A late bid shall not be admitted for consideration and shall be returned to the bidder upon request.

20.2 Communication with Bidders before Bid Closing

a) The DR&PW may, if necessary, communicate with bidders prior to bids closing.

b) Formal communication, which has implications of consequence for all those who tendered, shall be in the form of a notice issued to all bidders by the Director: Supply Chain Management (SCM) of the DR&PW by either e-mail, facsimile, or registered post as appropriate.

c) 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 (1) week prior to the bid closing date, where possible.

d) 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 the clause above have been complied with.

21. OVERSIGHT ROLE OF THE PROVINCIAL TREASURY (NCPT) SCM UNIT

a) The Provincial Supply Chain Management Unit at Provincial Treasury (NCPT) shall maintain oversight over the implementation of the Provincial SCM Policy in the Northern Cape Province. **Therefore, in terms of the DR&PW District Offices, the DR&PW Director of**

SCM will maintain the oversight role.

b) For the purpose of Provincial SCM's oversight role, the DR&PW's Accounting Officer (AO) shall:

(i) Within fifteen (15) days of each month submit a report on progress made with implementation of SCM by the DR&PW, as well as the monthly statistics on all acquisitions awarded exceeding one hundred thousand rand (R100 000, 00) per case (VAT included) on the National Treasury procurement statistics website, as well as reports and minutes of Bid Adjudication Committee (BAC) meetings.

(ii) **The reports and minutes of all awards made at the district offices shall be forwarded to the DR&PW Head of SCM within five (5) working days before every 15th day of every month for consolidation and submission to the Provincial SCM (NCPT) office.**

21.1 Publication of Awards

a) 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 regarding the publication of awards are as follows:

(i) Publication of names of bidders in respect of advertised competitive bids (above the threshold of five hundred thousand rand (R500 000, 00) all applicable taxes included) must be done ten (10) working days after closure of bid on the DR&PW website and/or the Provincial Government website. The following information must be published: names of all bidders who submit bids at closing time and date. <u>If practical</u> total price and preference claimed must be included.

(ii) After awarding of bids, the following information must be published in the Government Tender Bulletin and if applicable, other media used for advertisement and on the DR&PW and/or Provincial Government website:

1) Name (s) of successful bidder(s).
2) Preference claimed.
3) Contract price(s).
4) Brand names if applicable.
5) Completion date(s) of contracts.

(iii) Legal vetting of formal contracts or service level agreements. The AO must ensure that contracts are sound before signing off.

(iv) In terms of the placing of orders for payment in another financial year, the AO is 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.

(v) Payment within thirty (30) days.

(vi) The AO must put in place mechanisms to ensure all that accounts owing are paid within thirty (30) days from the date of invoice, settlement or court judgment.

22. LISTS OF ACCREDITED SUPPLIERS AND SERVICE PROVIDERS

a) The National Treasury keeps the list of the accredited suppliers and service providers in the National Treasury Central Supplier Database (CSD).

b) The National Treasury electronic online CSD will be utilized by the DR&PW for the following:
   - (i) The selection of suppliers for invitation of quotes for goods and services.
   - (ii) Verification of supplier key information for bids and quotations received.
   - (iii) Business registration, including details of directorships and memberships.
   - (iv) Bank account holder information.
   - (v) In the service of the state status.
   - (vi) Tax compliance status.
   - (vii) BBBEE status.
   - (viii) Tender defaulting and restriction status.
   - (ix) Identity number.
   - (x) Any additional and supplementary verification information communicated by National Treasury.

NOTE: ***THE INFORMATION REGARDING THE UTILIZATION OF THE CENTRAL SUPPLIER DATABASE (CSD), SHOULD BE READ IN CONJUNCTION WITH NATIONAL TREASURY INSTRUCTION NO. 4 OF 2016/2017.***

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

a) The AO may request the SITA to assist with the acquisition of IT-related goods or services through a competitive bidding process.

b) Both parties must enter into a written agreement to regulate the services rendered by and payments to SITA.

c) The AO must notify the SITA, together with a motivation of the IT requirements if the:
   (i) transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
   (ii) transaction value of a contract to be acquired, whether for one or more years exceeds R50 million (VAT included).

d) If the SITA comments on departmental submissions and the DR&PW disagree with SITA's comments, the comments and reasons for rejecting or not following such comments must be submitted to the AO, Provincial Supply Chain Management (NCPT) as well as the AG.

24. ACQUISITION OF GOODS OR SERVICES UNDER CONTRACTS SECURED BY NATIONAL AND PROVINCIAL TREASURIES

a) The AO may participate in Transversal Contracts concluded by National Treasury or Provincial Treasury (NCPT).
b) Written requests to participate in Transversal Contracts must be submitted to Provincial Supply Chain Management (NCPT) and no other contract may be concluded during the period for the acquisition of the same or similar goods or services.

25. TERM BIDS

a) It is permissible to invite bids for the supply of goods and services that is of an *ad hoc* or repetitive nature, for a predetermined period of time (commonly referred to as a term contract).
b) The general acquisition procedure for term bids shall comply with procedures contained in the acquisition management system for competitive bids.
c) Bid documentation, where applicable, shall state that the acceptance of term bids based on a schedule of rates and will not necessarily guarantee the bidder any business with the DR&PW.
d) Material for repairs and maintenance can be purchased on a term contract where circumstances warrant it.
e) Additional items included in a term bid by any bidder, which is clearly not an alternative to any of the items specified, shall not be considered.
f) 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 thirty (30) days of placing the order.

g) 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 (3) year budget cycle that is applicable at the time of placing the order.

26. APPOINTMENT OF CONSULTANTS

***NOTE:* THIS SECTION SHOULD BE READ IN CONJUNCTION WITH THE DEPARTMENTAL POLICY ON THE APPOINTMENT OF CONSULTANTS.**

a) The AO must adhere to National Treasury and Provincial Treasury (NCPT) guidelines (Practice Note 2 of 2004 and updates), without exception. The same applies to the DPSA's guidelines on hourly tariffs.

b) The term Consultant includes, amongst others, consulting firms, legal firms, engineering firms, construction managers, management firms, procurement agents, inspection agents, auditors, other multinational organizations, investment and merchant banks, universities, research agencies, government agencies, non-governmental organizations (NGO's) and individuals.

c) The establishment and operation of a roster system in support of a Preferential Procurement Policy for statutory tariff appointment of consultants for projects must be effected where the project fee does not exceed three million rand (R3 000 000, 00) (inclusive of VAT).

d) Consultancy services must be acquired through competitive bidding if the value of the contract is estimated to exceed one (1) million rand (R1 000 000, 00) (VAT included) **or** the duration period of the contract exceeds one (1) year.

e) In addition to any requirements by this policy for competitive bids, bidders must furnish particulars of:

(i) 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.

(ii) Copyright of any document produced, as well as working papers *e.g.* questionnaires used, research to compile statistics *etc.*, patent rights or ownership in any plant, machinery, system or process or IT-related programming designed or devised by a consultant in the course of the consultancy services is vested in the Northern Cape Provincial Administration; Department of Roads and Public Works.

27. DEVIATION FROM ACQUISITION PROCESSES

27.1 Emergency Situations

***NOTE:* THIS SECTION SHOULD BE READ IN CONJUNCTION WITH THE DEPARTMENTAL POLICY ON EMERGENCY PROCUREMENT.**

a) The Accounting Officer (AO) 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.
b) 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.
c) The AO or delegated official must approve all relevant acquisitions and record reasons for audit purposes.
d) All reasonable steps must be taken to ensure market related prices are obtained.

27.2 Acquisition from Print Media, Radio and Newspapers

a) It must be indicated which media will be utilized for the campaign and why, and the process should reflect fairness, competitiveness, cost effectiveness and transparency.
b) If acquisitions are needed from the regional newspapers or radio stations, it would be irrelevant to request quotations since these media are only found in those areas.
c) 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.
d) A motivation indicating the need for an acquisition of this nature must be recommended by the relevant director after input from SCM practitioners and approved by the CFO.
e) The cost of newspapers is regularised by industry and that is why outlets will charge market-related prices. The DR&PW will purchase its newspaper(s) from an outlet that is approved by the CFO.

27.3 Other Deviations from Acquisition Processes

a) If goods and services are produced or available from a sole supplier only, the AO must request the profit margin of the sole supplier to determine the reasonability of a price quoted and compare the retail price of the good(s) or service(s) to the quoted price.
b) Reasons for deviations shall be recorded for audit purposes.
c) A quarterly report must be supplied to Provincial Supply Chain Management (SCM) of the NCPT on all deviations from acquisition processes as per this policy.

d) Sole-Source Procurement: Where the DR&PW contracts for goods or services without a competitive process, based on a justification that only one known source exists or that only one single supplier can fulfil the DR&PW requirements. Sole supplier status may occur when there is evidence that only one supplier possesses the unique and singularly available capacity to meet the requirements of the DR&PW. In this regard the SCM Directorate must:
   i. obtain written confirmation of sole supplier status from the service provider or body;
   ii. advertise the request on E-Portal as an alternative source to confirm that only one supplier exist to provide the required goods or services; and
   iii. determine the reasonableness of the price if it is practical to do so.

e) Single-Source Procurement: Where, after the DR&PW conducts thorough analysis of the market and determines that two (2) or more suppliers can fulfil the requirements, the DR&PW by means of transparent and equitable pre-selection processes selects one supplier over others.
f) Multi-Source Procurement: Where after the DR&PW conducts a thorough analysis of the market and determines that two or more suppliers can fulfil the requirements and through a transparent and equitable process contracts the required goods or services to multiple suppliers.
g) Urgent Procurement: Where early delivery is critical and the invitation of competitive bids is either impossible or impractical. (However, a lack of proper planning should not be constituted as an urgent case).
h) Emergency Procurement: Where a serious and unexpected situation that poses an immediate risk to, health, life, property or environment which calls for urgent action and there is insufficient time to follow a competitive bidding process.
i) Contracts Expansion: Where the need arises for the DR&PW to increase the scope of work on a contract already secured via the normal SCM process (tender/quotation process/transversal contract) beyond the 15/20 0/0 threshold.
j) Contract Variation: Where a need arises for the DR&PW to change the scope of work on a contract already secured via normal SCM process (tender or quotation process/ transversal contract) beyond the 1 5/200/0 threshold.

27.4 Contracts Providing for Compensation Based on Turnover

a) If a service provider acts on behalf of the DR&PW 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 the DR&PW must stipulate:

(i) a cap on the compensation payable to the service provider; and
(ii) that such compensation must be performance based.

27.5 Expansion or Variation Orders

a) In exceptional cases, especially in construction procurement, the AO 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 goods/works/services the variation may not exceed twenty per cent (20%) or twenty million rand (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/works the expansion of the contract may not exceed fifteen per cent (15%) or fifteen million (R15 million) (including all applicable taxes) of the original values of the contract, whichever is the lower amount.

NOTE: ***ANY AMOUNT IN EXCESS OF THE ABOVE CAN ONLY BE APPROVED BY THE RELEVANT TREASURY IN TERMS OF A WRITTEN REQUEST TO PROVINCIAL SUPPLY CHAIN MANAGEMENT (NCPT).***

28. UNSOLICITED BIDS

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

b) 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:
   (i) The BAC must consider the unsolicited bid. The BAC must take into account any comments submitted by the public and have to acquire written inputs from Provincial Supply Chain Management (NCPT), prior to making a recommendation to the AO.
   (ii) If any recommendations of the Provincial Supply Chain Management Unit (NCPT) are not followed, the AO must submit to the AG and the Provincial Supply Chain Management Unit (NCPT) the reasons for rejecting or not following these recommendations. Such submissions must be made **before** any commitment is made or contract concluded. The AG and the Provincial Supply Chain Management (SCM) Unit (NCPT) will have thirty (30) days from receiving the submission to provide inputs to the AO during which period no contract may be concluded.

29. COMBATING ABUSE OF THE SCM SYSTEM

The AO must determine measures for the combating of abuse of the Supply Chain Management (SCM) system in terms of the following:

a) Take all reasonable steps to prevent abuse of the Supply Chain Management (SCM) system.

b) Investigate any allegations against an official(s) or other role player(s) of corruption, favouritism, unfair or irregular practices, improper conduct or failure to comply with the Supply Chain Management (SCM) system, and when justified:
   (i) take steps against such official(s) or other role player(s) and inform Provincial SCM (NCPT) of such steps; and
   (ii) report any alleged criminal conduct that may constitute an offence to the South African Police Service (SAPS).

c) Check National Treasury's Central Supplier's Database (CSD), 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.
d) 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.
e) 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.
f) 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.
g) 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.
h) Reject any bid from a supplier who fails to provide a valid original SARS Tax Clearance Certificate as per requirement or proof from the SARS that the supplier is registered for tax purposes and has no outstanding tax obligations or has made arrangements to meet outstanding tax obligations.
i) The AO shall inform Provincial Supply Chain Management (NCPT) of any actions taken.

30. NON-COMPLIANCE MECHANISM

a) Provincial Supply Chain Management (NCPT) 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.

b) Grievances of the DR&PW, as well as suppliers' grievances will be addressed in terms of the Northern Cape Provincial Treasury (NCPT) framework regarding the non-compliance mechanism.

31. COMPLIANCE WITH ETHICAL STANDARDS

31.1 All officials and other role players in the SCM system must comply with the highest ethical standards in order to promote:

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

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

31.3 If changes to the SCM organogram or any of the DR&PW Bid Committees are effected, copies of alterations must be forwarded to Provincial SCM (NCPT).

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

a) recognise and disclose any conflict of interest that may arise;
b) treat all suppliers/service providers and potential suppliers/service providers equitably;
c) not use their position for private gain or to improperly benefit another person;
d) 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;
e) be scrupulous in their use of public property; and
f) assist the AO in combating corruption and fraud in the SCM system.

31.5 If a DR&PW 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, Bid Committee member or other role player must:

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

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

32. REPORTING OF SCM INFORMATION

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

33. 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.

34. LOGISTICS MANAGEMENT

34.1 The AO shall establish an effective system of logistics management in accordance with Provincial SCM prescripts to provide for:

a) placing of orders;
b) receiving and distribution of goods;
c) ensure goods/services received comply with quality and quantity and other specifications;
d) expediting orders;
e) transport management;
f) vendor performance;
g) maintenance; and
h) contract administration.

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

35. DISPOSAL MANAGEMENT AND LETTING OF STATE ASSETS

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

a) Obsolescence planning or depreciation rates per item are to be calculated.
b) A database of all redundant material and items are to be kept.
c) Assets are to be inspected for potential re-use.
d) Determine a disposal strategy for obsolete items.
e) 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 (NCPT) in collaboration with Provincial SCM.
f) The AO may also transfer assets to other organs of state at market-related value free of charge by means of formal vouchers.
g) The AO must, when disposing of computer equipment, firstly approach a state institution or 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.

h) The DR&PW shall not let any of its immovable property free of charge without the prior approval by Provincial Treasury (NCPT).
   (i) 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 valuated every five (5) years by a valuator that is a registered member of the South African Valuators Association.

i) The AO 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.
j) Ensure that when assets are traded in for other assets (e.g. the 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 NCPG.

36. RISK MANAGEMENT

36.1 The Accounting Officer (AO) must establish an effective system of risk management for the identification, consideration and avoidance of potential risks in the SCM system.

36.2 Risk management shall include:

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

37. CONTRACTS AND CONTRACT MANAGEMENT

37.1 Contracts

37.1.1 The AO must ensure that all contracts entered into by the DR&PW are legally sound.

37.1.2 Contracts should be kept in a secure place for judicial reference.

37.1.3 The contracts concluded must consist of at least:

(a) the General Conditions of Contract (GCC) as issued by National Treasury;
(b) where applicable, Special Conditions of Contract (SCC) 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; and
(f) letter of acceptance.

37.1.4 Contracts relating to Information Technology (IT) must be prepared in accordance with the State Information Technology Act, 1998 (Act No. 88 of 1998) and any regulations issued in terms of this act.

37.1.5 Special Conditions of Contract (SCC) 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 contracts that extent over the period of time;
(e) clauses that clearly and un ambiguously 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; and
(g) incorporation of other documents as annexures.

37.2 Contract Management

37.2.1 The Accounting Officer (AO) of the DR&PW must ensure that the SCM system of the DR&PW provides 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; and
(g) invoking of penalty clauses.

37.3 Performance Evaluation of Contracts

37.3.1 The AO must continuously ensure that an assessment of the service provider (including consultants, when applicable) performance is undertaken and that this assessment should be available for future reference.

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

(a) delivery periods;
(b) quality; and
(c) quantity.

38. PERFORMANCE MANAGEMENT: SUPPLIERS & SERVICE PROVIDERS

38.1 The Accounting Officer (AO) 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.

38.2 Some of the issues that must be reviewed in terms of the above mentioned SCM monitoring system are:

a) achievement of goals;
b) compliance with norms and standards;
c) savings generated;
d) cost variance per item acquired over a financial year;
e) contract breach;
f) vendor performance;
g) cost efficiency of acquisition process (i.e. the cost of the process itself);
h) whether DR&PW supply chain objectives are consistent with government's broader Policy focus;
i) material construction standards become increasingly aligned with those standards that support international best practice;
j) the principle of co-operative governance as expounded in the Constitution is observed; and
k) reduction of regional economic disparities is promoted.

39. SPONSORSHIPS

39.1 The AO must promptly disclose to Provincial Treasury (NCPT) any sponsorship(s) promised, offered or granted, whether directly or through a representative or intermediary, or by any person who is:

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

40. POLICY AND MANUAL ADOPTION AND REVIEW

40.1 This SCM policy and its accompanying SCM SOP Manual are effective from date of signature.

40.2 The assessment to determine the effectiveness and appropriateness of this policy will be done five (5) years after its effective date. The assessment could be performed earlier than five (5) years to accommodate any substantial structural or other organizational changes at the DR&PW or any change required by law.

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

40.4 Deviations from this policy must be approved by the Accounting Officer (AO) of the DR&PW.

41. MONITORING AND EVALUATION (M&E)

41.1 The Directorate Supply Chain Management (SCM), supported by the departmental Monitoring and Evaluation (M&E) Unit shall, on behalf of the AO, ensure amongst others, the following:

a) Efficient and effective implementation of this policy.
b) The accessibility of this policy to the intended stakeholders.
c) The implementation of measures to limit the possible abuse of this policy.
d) Submission of the required Monitoring and Evaluation (M&E) Reports related to the implementation of this policy.
e) Development of the necessary tools and processes to assess the outcome of the policy implications by all the stakeholders.

42. VIOLATION AND ENFORCEMENT

42.1 Any failure to comply with this policy will be viewed as a serious disciplinary transgression and could lead to disciplinary action taken against the offending employee(s) in terms of the Public Service Regulations and Code of Conduct, as well as the DR&PW Compilation of Policies on Fraud, Corruption and Ethics Management, 2020, called *The Plan*.

42.2 Any employee that contravenes the provisions of this policy shall be charged with misconduct and/or fraud and corruption and will be held liable for any damages suffered by the state as a result of non-compliance.

42.2 Furthermore, those employees found to have connived or committed irregularities, including fraud and/or corruption and related matters, may be summarily dismissed from the public service.

42.4 Individuals who have been found guilty of violating this policy shall be prohibited from conducting any future business with the state; and, depending on the severity of the offence, legal action may be taken against the perpetrator(s); and if it is discovered that fraud and/or corruption was involved, the case will be reported to the SAPS for investigation and prosecution.

43. APPROVAL OF THE POLICY AND MANUAL AND DATE OF EFFECT

This Policy and its accompanying SCM SOP Manual (Annexure A) is

Approved / ~~Not Approved~~

Comments:

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ACCOUNTING OFFICER

17/4/2023
DATE

ANNEXURE A: Departmental SCM SOP Manual

Contents

Page

1. Purpose of the Manual

1.1 The purpose of this document is to formalize the DR&PW'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:

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

1.2 This Manual must be read together with, and shall be interpreted within the framework of the Supply Chain Management Policy of the DR&PW and other policies and procedures of the South African government. The overall objectives of this SCM SOP Manual are to:

a) ensure the efficient, effective and uniform planning for and procurement of all services and goods, required for the proper functioning of the DR&PW, as well as the sale and letting of assets that conform to constitutional and legislative principles, whilst developing, supporting and promoting historically disadvantaged individuals (HDI's), small, medium and micro enterprises (SMME's) and preferential goals;
b) ensure that the DR&PW obtain value for money in the procurement of goods and services in order to fulfill its mandate, while redressing the economic imbalances that have been a consequence of unfair discrimination;
c) ensure the efficient, effective and uniform management of goods and services for the DR&PW;
d) ensure good governance throughout the DR&PW's supply chain processes; and
e) ensure that the DR&PWs strategic objectives are achieved.

1.3 The SCM Practitioners of the DR&PW shall read and implement this SCM Standard Operating Procedures (SOP) Manual.

1.4 Failure to comply with this SCM SOP Manual by the responsible official(s), or transgression(s) or undue interference by any DR&PW official or other person(s) with any of the procedures and processes prescribed herein and which may result in the DR&PW incurring irregular, wasteful and/or fruitless expenditure, will lead to disciplinary processes being instituted against the said official(s)/person(s) who, in the event of being found guilty of an offence, will be held financially and otherwise applicably liable and will also be subjected to such applicable consequence management processes as determined by the DR&PW and/or a court of law.

2. Utilization of the Manual

2.1 This Standard Operating Procedure Manual will enable the DR&PW to gain an improved understanding of its SCM business process and to identify areas that need improvement.

2.2 The advantages of a proper utilization of this Manual include, amongst others, the following:

a) assisting employees to keep to a defined work schedule;
b) assists in training employees;
c) guarantees compliance standards are met;
d) ensures that the processes and procedures described herein will not negatively impact the environment; and
e) avoids potential procurement, acquisition and logistics processing failures.

2.3 This SOP Manual will fail if employees do not follow it. Management, specifically direct supervisors, must monitor the utilization of this SOP Manual and any other SOPs impacting on this one, in order to ensure that it is being properly implemented, maintained and reviewed.

3. Benefits of the Manual

3.1 Two (2) major benefits of using a standard operating procedure manual such as this one, include consistency and a decrease in the amount of errors made.

3.2 SOPs also assist an institution to evaluate employee performance, save time and money and create a productive and conducive work environment.

3.3 In addition, this SCM SOP Manual will improve communication throughout the DR&PW regarding the issues it addresses.

3.4 If a task(s) as described herein changes, this Manual, and any other departmental SOPs related to such task(s) shall be reviewed, updated and re-distributed to anyone who uses it, helping the DR&PW efficiently communicate the change to anyone affected. SOPs also reduce the chance of miscommunication, since the detailed steps leave little room for debate or questioning.

4. The Supply Chain Management – Bid Compliance Committee (SCM-BCC)

4.1 Mandate of the SCM-BCC

2.1.1 The SCM-BCC is a committee internal to the SCM Directorate of the DR&PW, which will be constituted at the discretion of the Senior Manager: (i.e. Director) SCM.

2.1.2 The purpose of the SCM-BCC is as follows:

a) Ensure compliance with all the relevant procurement Regulations and Frameworks of government.
b) Conduct Pre-Evaluation for all bids invited and received.
c) Compile a Pre-Evaluation, Post-Evaluation and Close-up bidding Process Report.
d) Ensure proper application of Financial Delegations.
e) Identify possible risks within the procurement process.
f) Identify and prevent any possible occurrence of irregular, wasteful and/or fruitless expenditure.
g) Conduct Post Award Audits to ensure adherence and compliance to the set procurement regulations and bid conditions.

4.2 Composition of the SCM-BCC

a) Committee members will be appointed on an *ad hoc* basis, in writing, by the Senior Manager (Director) Supply Chain Management of the DR&PW.
b) Only supply chain management practitioners will serve as members of the DR&PW Supply Chain Management-Bid Compliance Committee (SCM-BCC).
c) The Senior Manager Supply Chain Management (SCM) of the DR&PW is delegated to appoint and terminate the appointment of the members of the SCM-BCC.
d) The DR&PW Senior Manager: SCM will preside as chairperson for all acquisition of goods/services/works within the threshold value of five hundred thousand and one rand (R500 001, 00) to unlimited.
e) The Manager: SCM of the DR&PW will preside as chairperson for all committee meetings for acquisition of goods/services and works within the threshold value of two thousand rand (R2 000, 00) to five hundred thousand rand (R500 000, 00).
f) The number of SCM practitioners to serve on the SCM-BCC is to be determined by the DR&PW Senior Manager: SCM, as per procurement case.

4.3 Functions, Duties and Responsibilities of the SCM-BCC

a) The applicable chairperson of a relevant SCM-BCC meeting is to notify, in advance [at least five (5) working days] all SCM practitioners appointed for an SCM-BCC meeting.
b) Participants and all members of an SCM-BCC meeting must declare their interest (and any conflicts of interest) pertaining to the matters on the agenda, and sign the attendance register.
c) Participants and all members of an SCM-BCC meeting must ensure compliance will all procurement regulations as per this SCM SOP Manual and all other applicable legislation, regulations and other relevant SOPs.